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November 11, 1991

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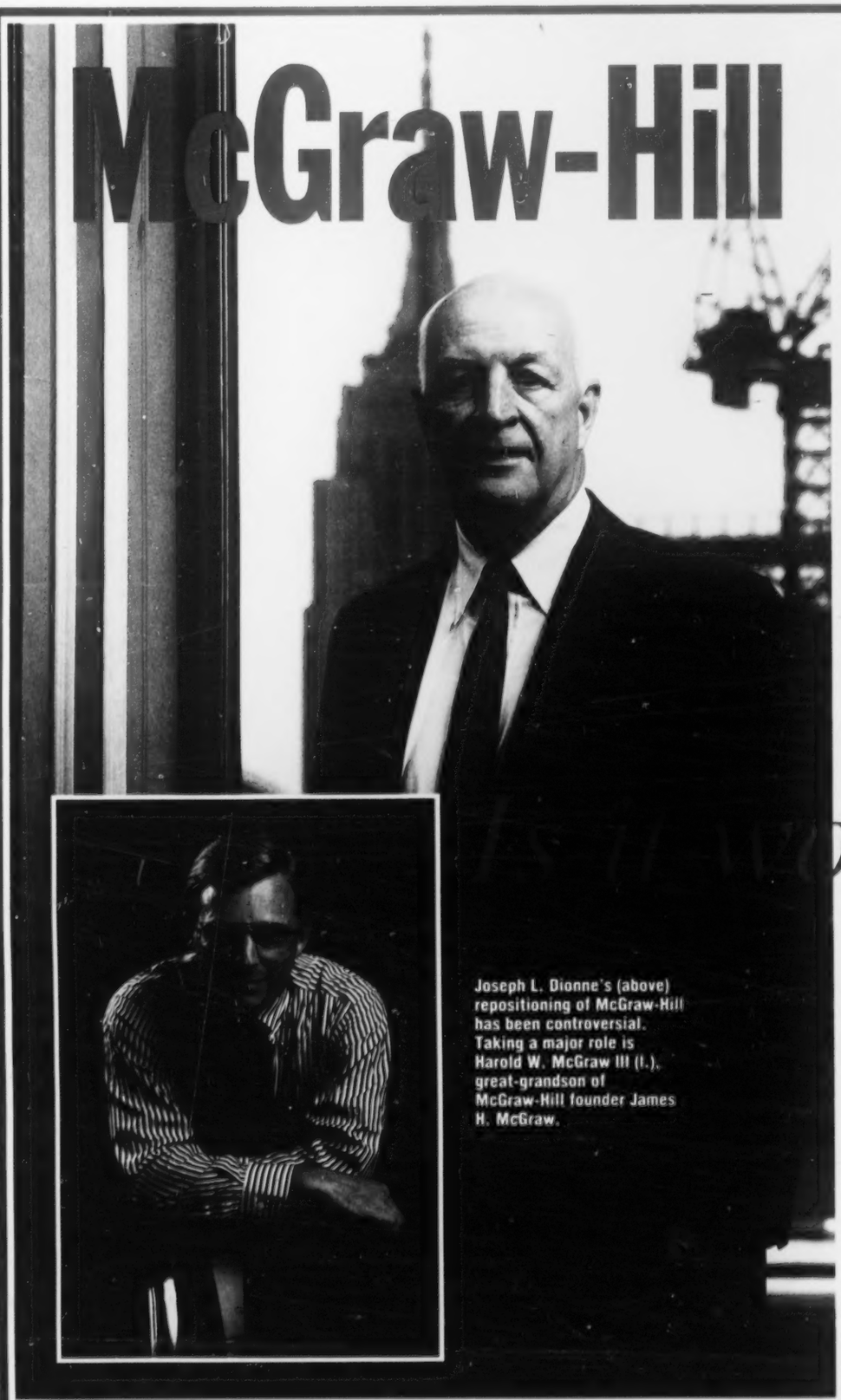


Joseph L. Dionne's (above) repositioning of McGraw-Hill has been controversial. Taking a major role is Harold W. McGraw III (l.), great-grandson of McGraw-Hill founder James H. McGraw.

Photos by Doug Goodman

...working?

By Joseph M. Winski

There was much jubilance at McGraw-Hill headquarters on March 1, 1979.

American Express Co. had let its $1 billion acquisition offer expire. McGraw-Hill, which had fiercely resisted the takeover bid, would remain independent and under effective control of the McGraw family.

But there was also an undercurrent of anxiety, particularly among longtime executives of the company's magazine business.

Just the day before, Harold W. McGraw Jr., chairman-ceo, had named Joseph L. Dionne to the post of exec VP-operations, the second-highest position in the company.

Insiders then knew it was only a matter of time before Mr. Dionne became the next McGraw-Hill chief executive—only the second non-McGraw to run the company in its then 91-year history.

The choice of the former Long Island schoolteacher was neither expected nor widely popular. If history meant anything, the pick would have been Gordon Jones, the gregarious president of

(Continued on Page 16)

The commodity game: Computer makers scramble to break out of the pack. In Special Report

LAST MINUTE NEWS

VW reviews $30M in Japanese business

TOKYO—Volkswagen Audi Nippon is reviewing its account, now split between Meitsu for the $20 million Volkswagen business and Hakuhodo for the $10 million Audi business. Those pitching include the incumbents and Dentsu, Asatsu, I&S and DDB Needham.

Riney responds to harassment suit

SAN FRANCISCO—Hal Riney, his agency and three current or former employees are countersuing a former staffer who filed a sexual harassment suit. Their slander suit, filed in San Francisco Superior Court and seeking unspecified monetary damages, charges that Debby Ann LeBeau and her attorney, John S. Spencer, maliciously released information to the media during the Thomas-Hill hearings in an attempt to "coerce payment of money" from Hal Riney & Partners. The cross-complaint also denies Ms. LeBeau's charges that Riney Senior VP-Director of Creative Services Carol Lee Kelliher was "procuring for her superiors." Ms. LeBeau, terminated in January, was a secretary in the creative department. The countersuit also says Ms. LeBeau has acknowledged former copywriter Jim Papademas, one of those named in her suit, "never attempted to touch her." Ms. LeBeau has said the third person named, copywriter Paul Mimiago, played over the office intercom a recording she had made, but the countersuit says Riney's offices don't have such intercoms. Mr. Spencer said he couldn't comment on the countersuit on the advice of his attorney. Riney's

(Continued on Page 8)

Mennen up for sale; Japan's Kao in lead

By Pat Sloan

Mennen Co., a 113-year-old, family-owned marketer of such familiar toiletries brands as Speed Stick and Skin Bracer, is up for sale.

The sale will include Mennen's core toiletries business as well as its paper party-goods subsidiaries, Paper Art and C.A. Reed, said Leonard Sichel, vice chairman-chief financial officer.

"The [Mennen] family made this decision just recently," Mr. Sichel said, adding that a sale could be negotiated by yearend.

Japan's Kao Corp., through its Kao Corp. of America and Andrew Jergens Co. units, has emerged as the most likely buyer, industry sources say. Other potential buyers include Gillette Co., Colgate-Palmolive Co., Unilever, Procter & Gamble Co., L'Oreal and Henkel Group.

An internal memo distributed to employees at a Mennen unit indicated growing competition in the toiletries market prompted the planned sale.

"You are no doubt aware that in today's marketplace, we face competition whose funds, manpower and facilities are many times greater than those of Mennen and its subsidiaries," the memo said.

"This fact of life will become even more critical going forward. As part of a larger organization, Mennen, Paper Art and C.A. Reed will have the resources they need to compete successfully," the memo continued.

Mennen's investment bank, believed to be Goldman Sachs, last week began sending out books on the company to interested buyers.

Mennen is a multinational company with consolidated sales estimated between $500 million and $600 million, and international distribution, including Mexico, Central America, Venezuela, Canada, France and Italy.

The core toiletries business generates more than $300 million in sales, sources say, with the balance of sales by Paper Art and C.A. Reed.

Industry consultant Allan Mottus speculated that two primary factors are motivating the sale.

"In part, it's a generational thing," Mr. Mottus said. "No

(Continued on Page 70)

Maxwell aftershock:

Owner's death clouds future of 'Daily News,' 'European'

AP/Wide World Photos

Kevin Maxwell, 32 (l.), and his brother Ian, 35, faced the media outside the headquarters of Mirror Group Newspapers in London last week.

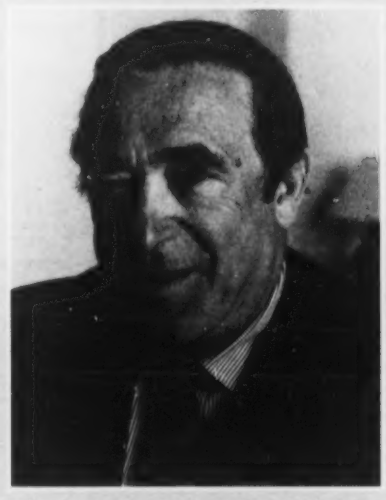
By Scott Donaton and Laurel Wentz

The media properties left most vulnerable by the death of Robert Maxwell may well have been the ones he loved most: New York's *Daily News* and *The European*.

Industry analysts are most concerned about the future of those two properties, uniquely dependent on the flamboyant personality, passion and charisma of Mr. Maxwell. The global media baron was found dead last week in the waters off the Canary Islands after disappearing from his 180-foot yacht during a vacation trip.

Preliminary autopsy results indicated Mr. Maxwell died of a heart attack before apparently falling from the boat.

In the days following his death, observers questioned how long Mr. Maxwell's sons, Kevin and Ian, would continue to endure losses at the *Daily News* and *European* as the two face an acute financial crunch.



Following Robert Maxwell's death, his sons were put in charge.

To dissuade that line of thinking, Kevin Maxwell was on the phone last week assuring advertisers of his commitment to the *Daily News*, much like his father has done in the past.

Despite a spate of asset sales in recent months, expected to continue, Mr. Max-

(Continued on Page 72)

AmEx talks to Time Warner

Deal would include nat'l magazines; city book shopped

By Scott Donaton

NEW YORK—American Express Co. is discussing the sale of a significant stake in its two national magazines to Time Warner.

As part of its continuing search for a partner or buyer for its publishing properties, AmEx is also seeking an outright buyer for *NewYork Woman* and there's speculation the company may try to sell its three other city magazines.

The flurry of activity follows the recent collapse of talks between AmEx and K-III Holdings, which was negotiating to buy a majority stake in AmEx's magazine group.

Time Warner is talking to AmEx about a joint venture that would involve only the highly profitable flagship *Travel & Leisure* and *Food & Wine*, said a source close to the discussions.

AmEx and Time Warner officials declined comment.

Time Warner isn't interested in the city magazines because they're believed to be losing money.

But "the city books are definitely for sale. [AmEx] wants out of the city books," the source close to the talks said.

■ **Bob Garfield reviews new American Express charge card commercials—Page 3.**

AmEx wants to keep a stake in the national magazines, which are closely tied to its charge card business, and is reluctant to allow potential buyers access to its database, used to automatically renew subscriptions.

K-III sources say talks with AmEx collapsed because K-III feared *Travel & Leisure* was too dependent on automatic renewals and its profitability and value would plunge if it was ever separated from the database.

AmEx's city magazines include *NewYork Woman*, *L.A. Style*, *Atlanta* and *D. NewYork Woman* is known to be on the selling block and there are rumors the magazine will be folded if a buyer isn't found.

Fred Drasner, president-ceo of *U.S. News & World Report* and *The Atlantic*, said he had a preliminary meeting with *NewYork Woman* Editor Betsy Carter and a representative of investment banker Wasserstein Perella & Co. about buying the magazine.

"They just came in to give me a pitch," he said. "I really don't know the level of our interest since I haven't seen the numbers."

Mr. Drasner said he was waiting to get financial information on the magazine.

"I think they're trying to sell the city magazines," Mr. Drasner said. "They just came in with *NewYork Woman* but they told me the rest may be available."

He said he wasn't told an asking price for

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Magic's diagnosis stuns advertisers. **Page 2.**

FDA may tackle brand names next. **Page 4.**

Ad Age ranks Top 200 advertised brands. **Page 41.**

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- **American Express** may sell a stake in its two national magazines to Time Warner and reportedly has other magazines on the block. 1
- **Robert Maxwell's** death brings into question the future of two of his money-losing media properties, New York's *Daily News* and *The European*. 1
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ABP MPA

HIV revelation tests Magic's ad appeal

An Advertising Age roundup

The bombshell dropped by Earvin "Magic" Johnson has left marketers featuring him in their ads teetering on a fine line.

The advertisers expressed shock and concern after Mr. Johnson announced he was retiring from the Los Angeles Lakers after testing positive for human immunodeficiency virus, the virus that has been linked to AIDS.

Observers agree it's unlikely he will be featured in future commercial campaigns. But public service spots are another matter, since Mr. Johnson has stated he wants to work with AIDS awareness efforts.

"We've received hundreds of phone calls, from small groups to large groups," said Richard Crasnick, director of marketing and public relations at First Team Marketing, which represents Mr. Johnson. ". . . We'll evaluate all the offers and decide what's the best way to go."

Jack Mariucci, exec VP-executive creative director at DDB Needham Worldwide, New York, and a co-chairman of Ads Against AIDS, said Mr. Johnson will be "a fabulous spokesman. . . . If he wants to get his message out, we're here to help."

Elenore Hangley, Advertising Council exec VP, said Mr. Johnson appeals to the young audience the council wants to reach with its AIDS prevention campaign.

The star's visibility had never been brighter for commercial purposes. He ranks behind only sports superstars Bo Jackson and Michael Jordan and Los Angeles Dodgers manager Tommy Lasorda in a 1991 survey of the most persuasive athletes in TV commercials by Video Storyboard Tests.

Dave Vadehra, president of the research company, said marketers tied to Mr. Johnson face a sensitive issue in deciding whether to stick with him in some way.

Magic shot hoops in a 1990 spot for Slice orange drink.

"It's a real tough call for the advertisers because they do certainly have sympathy," he said. "But having sympathy is one thing; having a national spokesman is something different."

None of the marketers with which Mr. Johnson is most active —Pepsi-Cola Co., Converse and Kentucky Fried Chicken Corp.—is currently running commercials that feature him.

One advertiser for which Mr. Johnson just recently inked a deal, Nestle Chocolate & Confection Co., quickly disassociated itself from published comments from its ad agency.

A report in *The New York Times* quoted John L. Taylor, vice chairman of Jordan, McGrath, Case & Taylor, New York, as saying he doubted commercials featuring Mr. Johnson and promoting Nestle's Crunch candy bar would air as scheduled in January.

Frank J. Arthofer, president of the Nestle USA subsidiary, released a statement calling the quote "not authorized."

Rebecca Madeira, Pepsi-Cola Co. director of public relations, said: "As far as the future is concerned, Earvin and Pepsi will decide together at a more appropriate time."

Mr. Johnson's multimillion-dollar contract to endorse Pepsi's soft drinks was signed in 1989 and expires next July.

Mr. Johnson's involvement with Converse dates to 1979, and also included a joint venture for a line of athletic shoes and activewear called Magic by Converse. But the line has been phased out, and the last ad featuring him ran in June.

Kentucky Fried Chicken used Mr. Johnson earlier this year in a TV and print campaign.

Dick Detwiler, KFC director of marketing communications, said: "It's too soon . . . to say what impact this news might have on any future business." □

Prodigy 'magazine'?

Computer service seeks circulation audit

By Bradley Johnson

LOS ANGELES—Prodigy Services Co., the ad-supported on-line computer service, wants to be classified as a magazine and have its circulation validated by the Audit Bureau of Circulations, in a move to gain advertiser credibility.

Such a move would make Prodigy the first non-print consumer medium tracked by the audit bureau, a precedent that would position the bureau to provide third-party validation for other interactive electronic media.

"As other advertiser-supported electronic services come to the fore, we would stand ready to work with them to verify the auditable aspects," M. David Keil, audit bureau president-managing director, said in an interview at the bureau's annual convention last week.

"I don't see any major impediments," he said of Prodigy's membership application. The audit bureau's board didn't take action last week, however.

Prodigy, developed jointly by IBM Corp. and Sears, Roebuck & Co., lets consumers use home computers to call up news and stock quotes, and do banking and shopping. Ads are sprinkled throughout the system.

Prodigy wants the audit bureau, the primary third-party auditor of magazine and newspaper circulation, to classify it as a magazine.

"We are a magazine," competing for magazine advertising, "only we don't have paper," said Gabe Samuels, Prodigy's trade marketing manager. "Why continue to kill trees?"

A magazine classification would put Prodigy in terms that media buyers would understand, but there was some discussion within the audit bureau's board that Prodigy should be put in a new classification.

Mr. Keil says the audit bureau is looking at how it could validate Prodigy figures.

Prodigy has auditable records of who its customers are and how, when and for what they use the service. But Mr. Keil noted the audit bureau's standard print definitions—paid circulation, pressruns, postal verifications—wouldn't translate well.

"We would be talking a whole new language," he said.

There is a precedent, however. For about two years, the audit bureau has audited Data Transmission Network, an ad-supported farm "magazine" that delivers information on commodities to farmers through computers.

Many publishers, computer marketers and consumer electronics companies see enormous potential in Prodigy-style electronic services delivered over computers and TVs. As new companies move in and traditional magazines and newspapers branch out into such ad-supported services, Mr. Keil said the audit bureau wants to be there.

"If there is a need for auditable information . . . our board will obviously give it very careful consideration," he said. □

LETTERS

BBDO section a highlight

I really enjoyed the 100th Anniversary commemorative insert (AA, Sept. 30). It was one of the highlights of this milestone event in BBDO's history. And I know our people in New York and around the world were very pleased with the issue as well. Thanks.

Phil Dusenberry
Chairman-ceo, BBDO
New York

I just finished reading the commemorative section on BBDO and wish to congratulate you and your staff on some excellent reading! The historical background provided keen insight into one of the top agencies in our business. The only copy that is equal to this profile is the copy in some of the testimonial ads. The copy is some of the cleverest and most humorous I have read in a long time. Kudos to those writers!

Keith T. Gallagher
National sales manager
Network of City Business
Journals, Los Angeles

Congratulations on a super BBDO edition. A humorous recollection of an eight-year BBDOer:

As manager of the BBDO softball team, I had a casual conversation with Jim Jordan. He mentioned he had been a member of a BBDO championship team of the past, but that had been his last playing year. Why? His reply: "My boss asked me if I wanted to be the best softball player at BBDO or the best copywriter."

As it happens, I mentioned that Al Rosenshine, then a new copywriter, was on our present squad and was a good hitter and left fielder. Funny, that was Al's last year as a player. I always wondered if Jim, Al's boss, had the same conversation with Al as his boss had years ago.

Phil Groenewold
Rio Rancho, N.M.

This Week, No One Will Be Getting Screwed On Their Living Room Floor.
30-50% Off Our Most Popular Living Room Rugs Or Carpets.
Giant carpet

Floored by soft porn

Here is an ad we can certainly do without! I wonder why so many sleazy ads come from retail advertising in newspapers. Is it that the subject matter is so dull, they naively try to spice up the ad with a sophomoric, soft-porn headline? This certainly turns me off Giant carpets! Can you believe this ad ran in the good, gray *New York Times*?

I'd also like to comment about your ad in the Sept. 30 *Ad Age*, in which you say that "the Soviets asked *Advertising Age* to organize a seminar to *introduce* them to the basics of communicating and selling" (emphasis mine). It's that "introduce" that gets me! These Soviets are some con artists.

In 1969, these Soviets invited Young & Rubicam to send some people to Moscow to talk to the folks at Vneshtorgreklama, the U.S.S.R. ad agency, about modern communicating and selling. Alex Brody, then head of Y&R Europe, George Gribbin, then president of Y&R, and I went. We put on a three-hour seminar.

We were invited back the following year to do it again, in expanded form, for a large audience including people from their numerous commercial agencies. This time we were joined by Ed Ney, then head of Y&R International. A year later, we learned that another agency had been invited to do likewise, I think it was BBDO. And then a little later, still another agency, perhaps McCann. And all of us trooped dutifully over, at our own expense, to educate them on modern advertising and sales promotion. I'm amused to see the Soviets are still at it.

Virginia Miles
Marketing consultant
Englewood, N.J.

Boomers read more

Your article on the outlook for newspaper advertising was pessimistic enough without compounding it with Kenneth Berents' erroneous data (AA, Oct. 14). The Alex. Brown & Sons analyst's numbers just don't meet the test of reason.

He uses an unconventional definition of 24 million baby boomers starting with age 30. That means he's only considering the 30-to-34 age span. Even assuming two readers per copy, Mr. Berent's claim of 500,000 circulation in this age group would produce only a net reach of 4%. In fact, the 1991 syndicated research of the Simmons Market Research Bureau indicates 58.4% readership levels for daily newspapers and 67.7% for Sunday newspapers in the 30-to-34 age bracket.

Uldis Grava
VP, Newspaper Advertising Bureau
New York

Make reading a joy

As a public librarian, I was struck by Kenneth Berents' statement: "Of the potential pool of 24 million baby boomers age 30 and older in the 1980s, only 500,000 have become newspaper subscribers. . . . Newspapers have to change to bring in the baby-boom generation" (AA, Oct. 14).

I don't believe that newspapers will ever attract more of the baby boom generation than they have now. From personal observation, I would say that steady newspaper readers, for the most part, are people who love to read. They read newspapers for the joy they get out of reading, as much as for the information presented.

In speaking with frequent library visitors I found that most learned to *love* reading before they were 13 or so by reading hundreds, if not thousands, of pleasure-giving books, honing their reading skills and making reading a pleasure rather than a chore.

Schools, in my view, cannot teach the "joy of reading" because in their laudable attempt to measure ability they usually couple assigned reading with the pain of tests and book reports.

I find that the only institution working to create and nuture readers is the public library. Industries that depend on people who enjoy reading should see that local libraries are well supported.

It's too late for the reluctant readers of the baby boomer generation. If they didn't learn to enjoy reading as kids, most of them never will.

FREEZE FRAME

People who have an interest in the future of reading should work toward reader creation in the current generation.

Marvin H. Scilken
Director
Orange (N.J.) Public Library

From the trenches

I was extremely disappointed at your front page article on sexual harrassment (AA, Oct. 21). The women you chose to interview were top executives. Although they are bright and successful women, they are far removed from the activities that go on with those in lower and middle management and clerical positions.

The women you should have interviewed are those still in the "trenches." Those of us who are still struggling to achieve our success in the business world. We are the ones who must put up with the uncalled for sexist comments, attitudes and advances.

Interviewing these women was about as insightful as interviewing male managers. They are not in the position to see the "ugliness" that occurs in the real world.

If you want to know how this is affecting the "average" working woman, ask us. There are a lot of women who are ready to talk about the sexism they have witnessed and received.

Cindy Smartt-Mancini
Bristol, Conn.

Asking senior agency and publishing executives whether the advertising business has a sexual harassment problem is like asking Roger Smith whether the American auto industry has a quality problem. The answer is predictable: 'No, not here.'

By proclaiming a problem, they'd be pointing a finger at themselves.

Andrew Scanland
Ogilvy & Mather
Atlanta

Don't overlook syndication

The Oct. 14 issue of *Advertising Age* included a timely look at the prospects for several major media, including network cable and spot TV, each with a sidebar from Robert Coen. Unfortunately, something was missing:

- A medium which has been the fastest-growing part of TV for over 5 years, and which is expected to remain so through the 1990s.
- A medium in which the top 100 advertisers spend more money than in cable, according to your own magazine.
- A medium which provides almost as much original programming per week as ABC, CBS, NBC and Fox.
- A medium which companies like Disney, Warner Bros. and Paramount are finding more important as a marketplace than network TV.
- A medium which is competing successfully with the networks for precious time periods, forcing them to reduce their program offerings.

I refer, of course, to advertiser-supported syndication. Too often, I'm afraid, your publication overlooks this important medium (1991 revenues: $1.275 billion), even when conducting an overview of the industry. In your 100 Leading National Advertisers issue, for example, there were special breakouts for top network advertisers and cable advertisers . . . but none for syndication.

Your readers need to be informed about what's going on in syndication, because it is affecting the way viewers watch TV (other publications are ahead of you in this regard). Because syndicators deal with local TV stations as well as national advertisers, they understand the drastic changes which are occuring in television, and are bringing about a revolution in the way stations acquire and present programming.

Tim Duncan
Executive director, Advertiser
Syndicated Television Association
New York

Attn. Betty Crocker et al.

I am doing research on trade characters in marketing and advertising. If your company has used or continues to use a character (human or anthropomorphic) at least five years, please contact me.

Martin Siegel
Associate professor
Marketing and sales
University of Akron, C&T
Akron, Ohio 44325

Advertising Age welcomes letters to the editor. Address letters to Advertising Age, Viewpoint Editor, 220 E. 42nd St., New York 10017.

CORRECTIONS & CLARIFICATIONS

- A chart showing the number of Calder-designed National Magazine Awards won per magazine (AA, Oct. 6, P. 36) omitted a design excellence award won by *Conde Nast Traveler* in 1991, when the magazine also won for general excellence in the 400,000 to 1 million circulation category. The magazine thus has won a total of four National Magazine Awards. □

New Dimensions In Power Selling

Dimensional, interactive paperboard products from American Slide-Chart will attract attention, deliver inquiries and increase your sales.

FREE DESIGN SERVICE.
1. *Call us or fax this ad. We will help you determine what information is needed to create your free design.*
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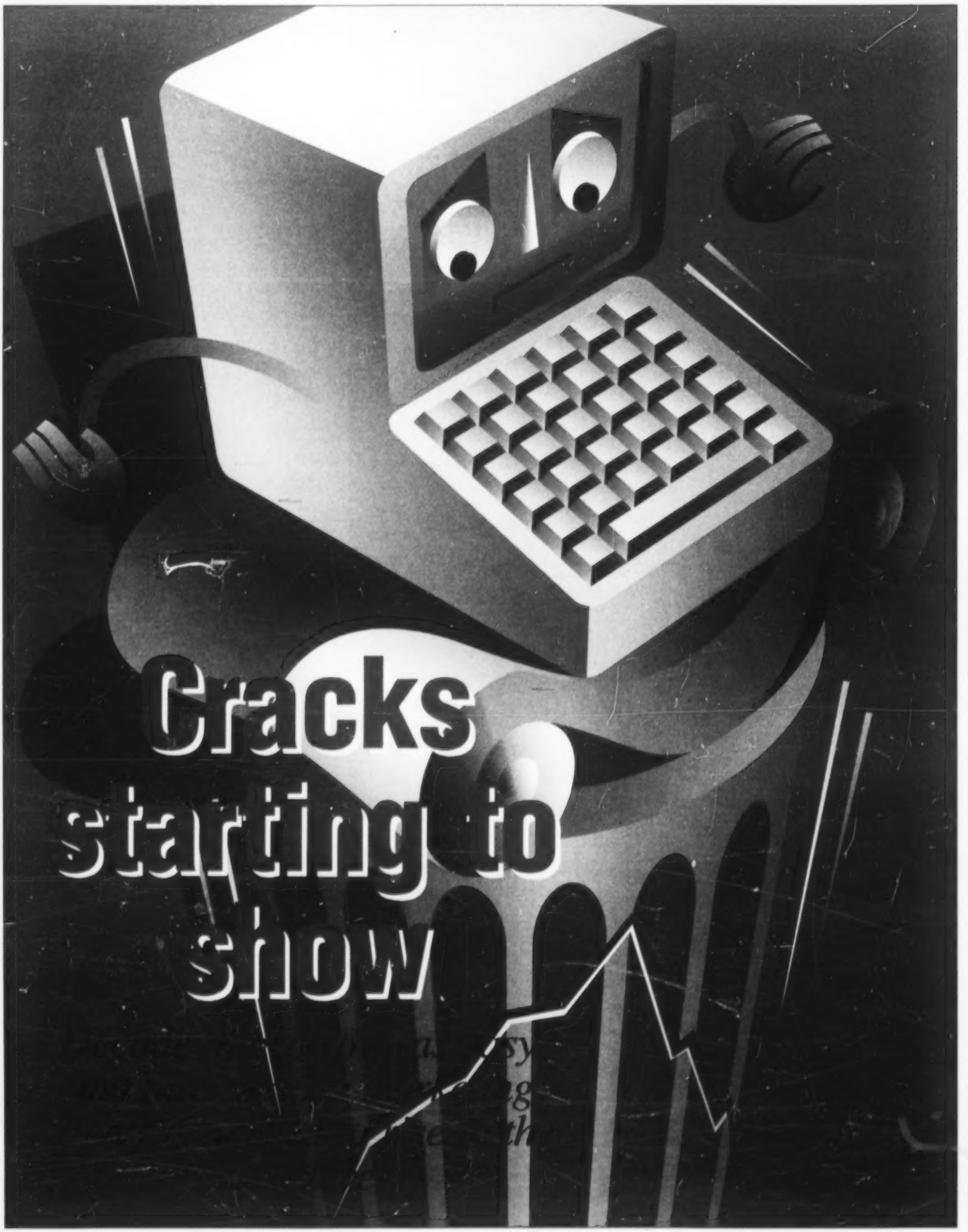


Cracks starting to show

INSIDE

S-3
Marching orders for the '90s
The mandate seems clear: The industry has to expand computer technology to peripheral areas such as telephones and consumer electronics, then tie it all together by learning to communicate.

S-6
Pen pals
In what may turn out as a new battleground, stylus-activated computers are trying to make their mark.

S-9
Dealin'
Discount superstores are making an impact as "People are buying computers like toasters."

S-9
1984 revisited
PC marketers are set for anothe. advertising revolution as they mull a brand-building binge.

S-11
Fuzzy picture
Multimedia PC systems offer great possibilities but at a price, proving they have a long way to go.

S-17
Plugged in
After computer-book shakeouts, the top tier of PC-dedicated magazines wield strength.

S-19
Second look
Is DOS critical to the future of systems? Computer users seem ready to go beyond.

S-21
Schism widens
For emerging computer accounts, the old debate renews as big shops square off with boutiques.

Edited By Junu Bryan Kim

Company, here's how you did last week

Third quarter calendar year 1991 sales and earnings of selected PC marketers and percentage change from third quarter calendar year 1990 ($000,000s)

	Revenues	% chg.	Net income	% chg.
IBM Corp.	$14,430	-5.0%	$172	-84.6%
Digital Equipment Corp.	3,290	6.5	29	9.2
Apple Computer	1,510	11.8	81	-17.6
Compaq Computer Corp.	709	-17.8	-70	*
Dell Computer Corp.**	280	64.2	12	93.8
AST Research	197	44.7	16	44.2

*Compaq reported $124 million net income in the third quarter of 1990.
**For fiscal quarter ending Aug. 4, 1991.
Sources: Company reports

Advertising Age graph: Cynthia Watson

EVERY MARKET HAS A LEADER

...the monthly computer magazine that's fastest growing, has the largest circulation and the lowest CPM.

—Advertising Age
June 24, 1991

We're the publication ideally suited to the way computers are purchased in the 1990's. We deliver more business buyers than any other computer monthly or weekly. 700,000 of them.

What attracts them? An editorial product they simply can't find anywhere else. There is no more efficient way to target these buyers than in the pages of our publication.

Know who we are?

Real optimism reigns —but only if segments learn to communicate

Marching orders for '90s: Expand computers to peripheral areas, then tie it all together

By Bradley Johnson

At a product briefing last month, Apple Computer Chairman John Sculley explained Apple's future by recalling the film "The Graduate."

"You remember how the guy came over to Dustin Hoffman and put his arm around him and said, 'Plastics,' " Mr. Sculley says. "In the 1990s, it's communications. If I were to put my arm around someone I would say, 'Digital communications.' "

Mr. Sculley's advice refers to the growing use of computer technology in non-computer products, such as consumer electronics and telephones, as well as advances in computers' ability to communicate with each other.

The trouble is that the vision of the future may not compute with today's corporate and home PC buyers, who may have learned how to pick a PC but haven't a clue of how to buy digital communications.

The computer industry, striving to energize slowing sales growth, is staking its future on a spate of potentially confusing new products—including operating systems, multimedia wares and pen-based computers.

This confusion, the recession and the PC's inability to further penetrate the home market are taking a bite out of industry sales.

Marketers have waged price wars over clones of IBM Corp.'s PC. These wars have turned the PC into a commodity and decimated industry profits *(see chart on Page S-2)*. In the third quarter of 1991, Compaq Computer Corp. posted a net loss of $70 million, reportedly playing a role in last month's ouster of Joseph Canion, Compaq's president-ceo.

> "If I were to put my arm around someone in the '90s, I would say, 'Digital communications.' "

Although expanding applications into additional areas may confuse consumers, it appears to be a critical component in re-energizing the computer marketplace.

While sales continue to rise, 1990 advances in PC unit sales and revenues marked the smallest growth for the industry, according to market researcher InfoCorp *(see charts on Page S-5)*.

An economic recovery next year would benefit PC sales. But experts disagree over how much better sales could be in this scenario.

InfoCorp predicts double-digit gains in both revenues and units sold for the U.S. PC market.

Bruce Lupatkin, an analyst with investment company Hambrecht & Quist, offers a dissenting opinion. He agrees the U.S. PC market will be healthier next year but still projects a third consecutive year of single-digit gains in both revenues and the number of PCs sold.

"I'm moderately optimistic," Mr. Lupatkin says, noting the PC market could benefit from expected election-year attempts by the Bush administration to jump start the economy.

Some observers feel the economy's influence on the PC industry may be overstated.

InfoCorp analyst David Carnevale says the recession has had comparatively little effect on PC sales.

"Clearly, our numbers don't show that the numbers declined," he says. "The numbers increased." He attributes InfoCorp's predictions of relatively robust growth to an improving economy and new products such as notebook and pen-based computers.

The recession's most obvious impact has been in market-share shifts, as budget-tight computer buyers have redirected purchases from premium brands like Compaq and IBM to cheaper clones like Dell Computer Corp. and AST Research.

With little differentiation between PC brands and a recession that has customers more concerned about budgets, PC marketers are forced to compete on price. A typical clone with hefty memory, a mouse and a color monitor averages $1,214 now, or 21% less than last year, says Steven Lair, VP at Dataquest, a market research company.

"The real winners have been the end-users," Mr. Lair says.

Despite the recent price wars and introduction of lower-cost products—perhaps best exemplified by Apple's release of its $999 Macintosh Classic—the average wholesale price of a PC has risen from $2,700 in 1987 to about $3,000 now. Buyers are spending about the same amount of money but getting more powerful machines.

In a classic example of how a computer marketer has been affected by price wars, Apple closed its fiscal year, which ended Sept. 27, with a 60% increase in unit sales but only a 14% increase in revenues, to $6.3 billion. As a result, net earnings fell 35% to $309.8 million.

Despite the damage to corporate bottom lines, analysts expect price-cutting to continue. As one indication of this trend, Eckhard Pfeiffer, the new president-ceo of Compaq, has a reputation of being someone who will cut both costs and product prices.

More than recession, a lack of compelling new hardware and software currently is hurting PC sales, Mr. Carnevale says.

The heart of a 386SX computer chip-based PC—the

IBM powers media

Ad spending by computers, components and accessories and top spending advertiser per medium, plus top advertiser's share of total category spending in each medium (January-June 1991 vs. January-June 1990, $000s)

	Category spending		Top advertiser	Top advertiser spending		Top advertiser's share of category spending	
	1/91-6/91	1/90-6/90		1/91-6/91	1/90-6/90	1/91-6/91	1/90-6/90
Magazines	$64,619.0	$52,750.6	IBM Corp.	$7,342.1	$5,783.7	11.4%	11.0%
Sunday magazines	2,726.4	947.0	IBM Corp.	2,139.0	251.9	78.5	26.6
Newspaper	17,405.5	28,469.9	Apple Computer	4,283.5	3,278.5	24.6	11.5
Outdoor	826.0	815.9	Sharp Corp.	380.1	231.0	46.0	28.3
Network television	16,781.2	12,589.9	IBM Corp.	4,352.3	1,660.9	25.9	13.2
Spot television	1,491.3	6,157.8	Dell Computer Corp.	392.9	0.0	26.3	0.0
Syndicated television	468.6	79.2	Tandy Corp.	246.7	0.0	52.6	0.0
Cable TV networks	2,652.6	3,272.0	Apple Computer	948.3	1,257.3	35.7	38.4
Network radio	0.0	2,003.2	None	0.0	NA	NA	NA
National spot radio	757.8	4,605.6	IBM Corp.	446.6	0.0	58.9	0.0
10-media total	107,728.4	111,691.1	IBM Corp.	18,979.7	11,284.4	17.6	10.1

Source: LNA/Arbitron Multi-Media Service

Advertising Age graph: Cynthia Watson

standard-issue business computer—dates to 1985. The Apple Macintosh, the primary alternative to the IBM/Intel/MS-DOS world, dates to 1984.

Mac sales are soaring, but that's mainly attributed to the introduction of Apple's low-cost models, not new technology.

But whether the industry could develop a computer that can meet the needs of U.S. offices and homes remains to be seen.

On the home front, in particular, PC marketers simply haven't come up with a compelling reason for consumers to buy unless they need a machine for business or school use.

Although some prognosticators predict the computer eventually will become as ubiquitous as the phone in U.S. homes, the PC is way behind other electronic gadgets in penetrating the home market. The PC is in an estimated one-fourth of the nation's homes, while Nintendo Home Entertainment System, introduced in 1986, is in an estimated one-third of U.S. homes.

Some observers believe multimedia computers, which blend audio and video with the text of current PCs, will help bring the PC into the home. But with a $3,000-plus price tag for a new model and a not-yet-concrete definition of consumers' uses for the technology, multimedia has its share of doubters. *(See story on Page S-11.)*

As for the office, the PC industry is working on a store of new technology—such as multimedia products and pen-based computers, which use a stylus rather than a keyboard to enter information—that could ignite sales.

The expected variety of products contrasts sharply to the '80s, when the main choice was IBM/Intel/MS-DOS vs. Apple Macintosh.

On the plus side, these choices could help differentiate products and foreshadow the decline of the clone-based PC commodity market.

Despite the strength of industry kingpins in this scenario, "no single computer vendor, be it Microsoft, IBM or Apple, can control the market anymore," Mr. Lupatkin says.

Longtime rivals, most notably IBM and Apple, are uniting to concoct what they hope will become industry standards in such areas as operating systems, multimedia and pen-based computers.

But on the minus side, much of this new technology is between six months and several years away, assuming marketers can even deliver on their promises.

More important, the promise of these additional choices could create confusion among buyers or encourage them to put off purchases while they wait for new products based on advanced technology.

IBM users, for example, don't know whether to listen to IBM's ads for OS/2, an operating system whose much-hyped revision has yet to be introduced, or to comments of IBM executives about the wonders of a planned new IBM/Apple operating system—one that could supersede the current product.

"No single computer vendor, be it Microsoft, IBM or Apple, can control the market anymore."

Some analysts say such decisions are largely irrelevant to home and small-business computer buyers and to large companies simply needing to add PCs.

Most users who can justify the need for a computer today probably will buy, says Nancy McSharry, an analyst at market researcher International Data Corp.

But this need to buy could perpetuate the commoditization of the industry, as buyers make purchases on price and not brand identity. If computer buyers can justify that today's proven PCs can boost their productivity, she says, there will be little holding them back—particularly given the falling price tags.

Explains Mr. Lupatkin: "Sometimes it's the more boring products that are the ones that sell."

Still, he notes, this is an industry that thrives on new products.

"The potential is that for the next five years we could go into a period of much greater innovation, more products and more operating systems," says Stewart Alsop, editor in chief of trade journal *InfoWorld*. The problem with that, he says, is it's "more of what's perceived as chaos." □

EVERY MARKET HAS A LEADER

"...dominating its niche like few titles can."

—*Business Marketing*
September, 1991

We were recently identified as one of the five most successful business press launches since 1985...no mean feat in today's magazine marketplace. It requires pinpoint positioning and a solid editorial product. Over 700,000 paid subscribers attest to that success every month.

That makes us the fastest growing, largest circulation, most efficient computer monthly in the industry.

We deliver buyers you can't reach anywhere else with an editorial product they can't find anywhere else.

?

Still don't know who we are?

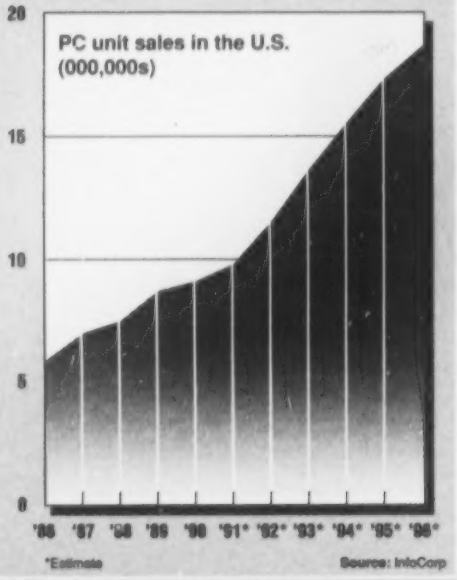
Overseas markets to bolster future PC sales

U.S. PC market loses its power–

Double-digit gains in the number of PCs sold in the U.S. plummeted dramatically from 15.8% in 1989 to 4.7% in 1990 and an expected 8.2% for this year.

Next year's unit sales are expected to improve substantially, up 17.5% over this year.

The double-digit sales bump is expected to last through 1995, when comparatively unhappy days return again with an anticipated 7.9% increase in units sold in 1996.

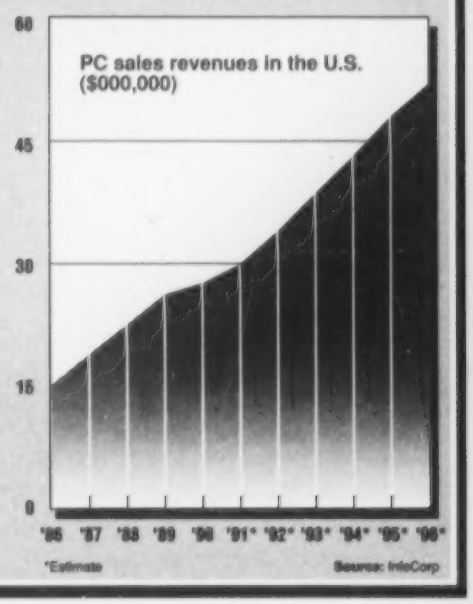


Dollars generated from PC sales in the U.S. predictably have mirrored unit sales.

Last year marked the low point in the industry's growth curve when PC sales revenue advanced only 5.4%, falling from a substantial 16.5% advance in 1989.

This year revenues are expected to increase a more respectable 8.4%, but double-digit growth isn't anticipated to return until 1992's advance of 13.2%.

In 1993, growth is expected to top out at 13.6% before steadily sliding down to 8.9% in 1996.



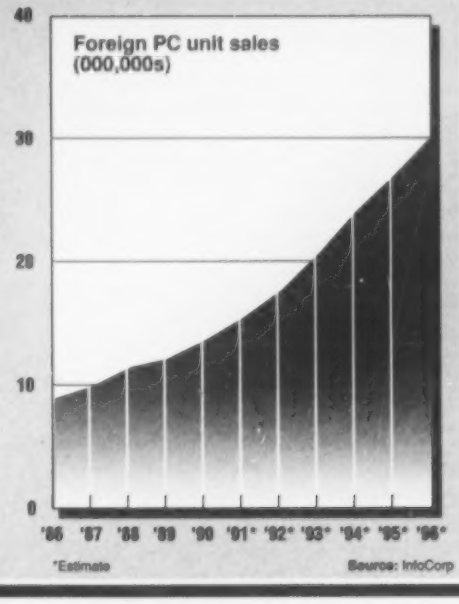
Foreign relief for PC industry

While growth in the U.S. market has slackened, foreign sales of PCs have picked up.

With the exception of 1989's 6.6% growth in foreign unit sales, double-digit jumps have been the rule. In 1990, for example, while U.S. unit sales growth was only 4.7%, foreign unit sales hit 12.3%.

Although U.S. based sales growth is expected to improve next year, it is predicted the growth pace will fall again in the mid-'90s. Foreign sales, however, are expected to grow at double-digit levels through 1996 at least.

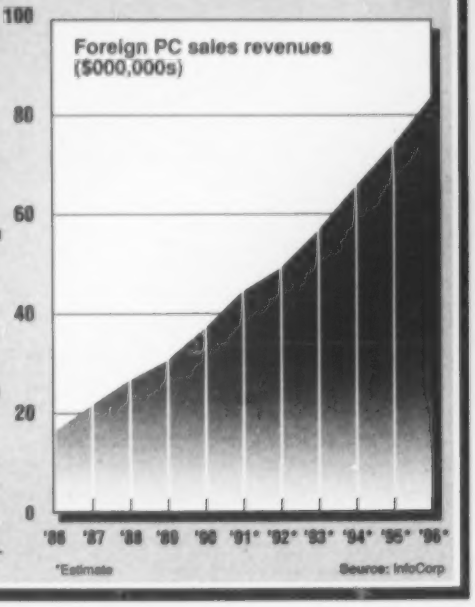
The growth curve is expected to peak in 1993 and 1994, when annual foreign unit sales increases are projected to hit 17.1% and 16.6%, respectively.



While the disparity between U.S. and foreign PC unit sales growth is expected to become more extreme, the gap in revenues generated from U.S. and overseas sales is not as marked.

Revenue growth from foreign sales will not fall into the single digits like revenue growth from U.S. PC sales. But top annual foreign revenue growth will not surpass the 15.7% figure expected in 1994; a far cry from the 21.2% jump in 1990 and this year's anticipated 19.8% rise. In fact, the 13.2% gain in revenues from U.S. sales expected for next year will outpace the 10.6% advance in foreign sales anticipated.

Revenue growth from foreign sales will be more stable over the longterm, however. In 1996, dollar volume increases from U.S. sales will tumble into the single-digits, while foreign sales are expected to advance 13.5%.

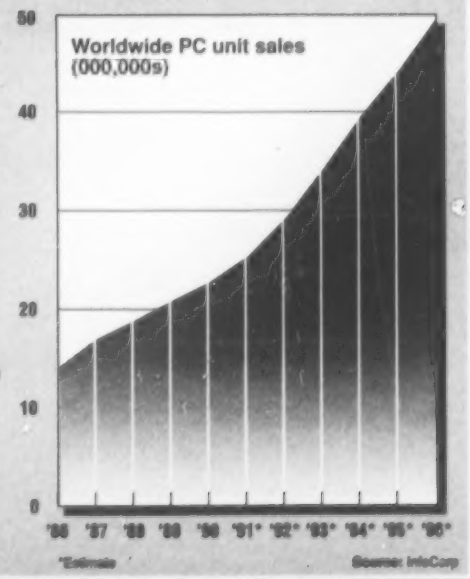


Global picture shows PC market to ram forward

PC marketers' world doesn't look so bleak when viewed globally. The strength in foreign markets has blunted the effects of the softening U.S. market.

Last year tipped the balance of power between the U.S. and foreign markets in terms of PC units sold. U.S. unit sales growth of 15.8% in 1989 helped offset a relatively poor 6.6% advance in foreign sales and generate 10.3% worldwide growth. In 1990, the roles were reversed: A 12.3% gain in foreign unit sales compensated for a soft 4.7% increase in U.S. sales and helped the worldwide market jump 9.1%.

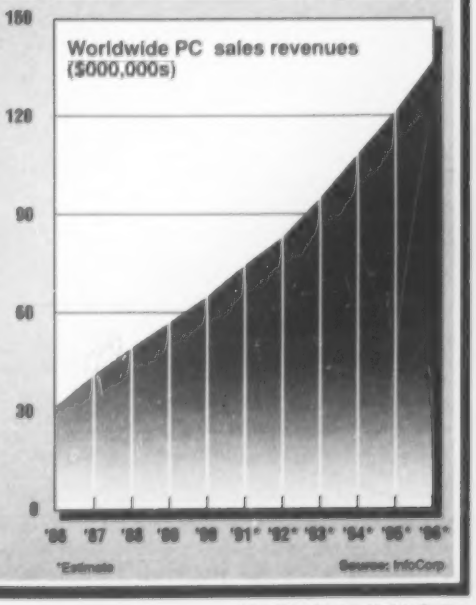
Predicted double-digit annual gains in number of units sold worldwide, peaking at 17.4% in 1993, increasingly will be attributed to foreign market performance in the mid-1990s.



When it comes to ringing the cash register, the worldwide picture looks relatively bright.

Thanks to expectations of marked jumps in foreign revenue, the global PC market's worst performance is expected next year, when revenues will advance 11.6%. Annual dollar growth will resurge to above 14% in 1993 and 1994, before softening to 12.2% in 1995.

The next low point will occur in 1996, when U.S. PC sales revenues will grow only 8.9%. Although foreign revenues are expected to jump 13.5% in 1996, revenue performance from U.S. sales will drive down the worldwide advance to 11.7%.



Advertising Age graph: John Smither

Pen is mightier than . . .

Stylus-activated computers make their mark

By Alan Radding

After battling for the corporate desktop and fighting to establish a beachhead in the home, computer makers are attacking the customer's briefcase next.

Notebook-size pen-based computers represent the newest computing frontier. Pen-based computers, which can run common PC software like Lotus 1-2-3, use an electronic stylus that writes on a special computer screen. The computer responds to marks made on the screen and translates handwriting into computer-readable text.

Currently Grid Systems Corp., a subsidiary of Tandy Corp., is the market leader with about 20,000 units sold since its inception.

But sales of pen-based computers should jump to 125,000 units next year and reach 1 million units by 1995, according to BIS Strategic Decisions, a market research company. Sales generated by this segment will jump from $90 million this year to $2.8 billion by 1995, BIS adds. Other observers, though, have predicted sales of at least 1 million units within the next 12 months.

Industry observers expect an in-progress $2 million print campaign from Momenta to kick marketing of the industry into high gear.

"Until Momenta's campaign, no one spent money advertising pen-computing," says Bill Lempesis, publisher of the newsletter *PenVision*.

Momenta and agency Hal Riney & Partners, San Francisco, are targeting a general computer audience in the current campaign, which includes general business and computer trade publications. The campaign will be expanded to mass consumer media in January, says John Rizzo, Momenta's VP-marketing. Billings for 1992 may reach $8 million to $10 million, he says.

Meanwhile, Grid, which introduced its first pen-based system in 1989, is pitching its PC-compatible computer at vertical markets, says Ken Dulaney, director of marketing-portable computers.

The Grid product replaces clipboards and hand-held devices like bar-code scanners. "We are going for very mission-specific, industrial applications," he explains.

Some industry observers think Grid's marketing strategy may be more sound because the general market may not take an immediate liking to the high-price pen-based computers.

Several developments must

(Continued on Page S-7)

Will there be demand for Momenta's pen-based computer (left)? The marketer is spending $2 million in print ads to generate interest.

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"...the most stunning performance ...impressive gains across the board...

– subscriptions up 41%

– newsstand up 26%..."

—Media Industry Newsletter
September 4, 1991

We're the only monthly computer publication that's grown dramatically in the last year.

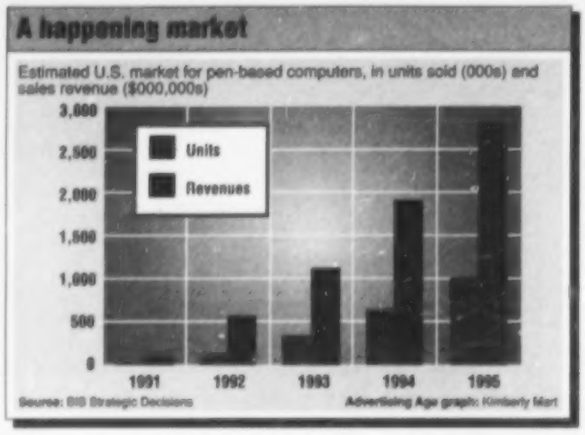
How have we done it?

By producing an editorial product that attracts the most influential microcomputer business buyers. Over 700,000 of them. All ABC audited.

Why do they need us? Because we're ideally positioned for the way computers are being purchased in the 1990's.

?

Isn't it time you knew who we are?



Pen is mightier . . .

(Continued from Page S-6)
occur before the consumer market emerges, according to observers: More popular PC software must be incorporated into the small devices; new software must be developed to take advantage of pen-based technology; and prices must drop from current levels, which can reach $7,000.

When the price differential between a conventional keyboard-operated notebook computer and a pen-based system is within $500, Mr. Lempesis expects the general market to take off. Currently, the Momenta product, which also features a traditional keyboard for conventional text input, lists at $4,995. The average PC clone, including a mouse and a color monitor, runs about $1,200, according to market research company Dataquest, while notebook models start at about $2,000.

Mr. Dulaney doesn't believe the current general computer market will accept the going price for pen-based systems.

"When the price drops below $1,000, you'll see a horizontal market develop," he predicts.

Once the costs come down, Grid intends to release a new product against the low-end electronic pocket organizers from Japanese consumer electronics companies such as Casio and Sharp Electronics Corp.

"We're interested in going after the consumer market through Radio Shack," Mr. Dulaney says.

Although consumers may balk at the initial prices for pen-based computers, the product apparently is important enough to involve all the major computer manufacturers, Mr. Lempesis says.

At last month's Comdex trade show, six marketers introduced pen-based systems. IBM Corp., although not officially announcing a pen-based product, demonstrated a pen-based product currently in development.

IBM bestowed legitimacy on general pen-based computing last year by allying itself with Go Corp., developer of PenPoint, a computer operating system for pen-based computers. Microsoft Corp., the dominant player in PC operating system software, is promoting its own pen-based operating system software, Windows for Pen Computing.

Meanwhile, the alliance of Apple Computer and Sony Corp. of America may produce a pen-based product. The two already have released a notebook-size, keyboard-run Macintosh, and Sony has created a pen-based computer for the Japanese market. NCR Corp., now part of AT&T Co., began limited shipments in September of its $4,675 NCR System 3125, and several Korean manufacturers also are in the game.

"Eventually Toshiba, Compaq, Dell—all the big names—will have something," Mr. Lempesis predicts.

Marketers of palmtop computers, another computer area that's expected to burgeon, eventually may jump into this market.

"Pens are the next major wave in technology, but it is still probably a year away from consumer acceptance," says Robert Owens, director of marketing communications, Poqet Computer Corp. □

Bradley Johnson contributed to this story.

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That's why so many of America's most successful companies invest in the quality and reliability of Shure Teleconferencing Systems.

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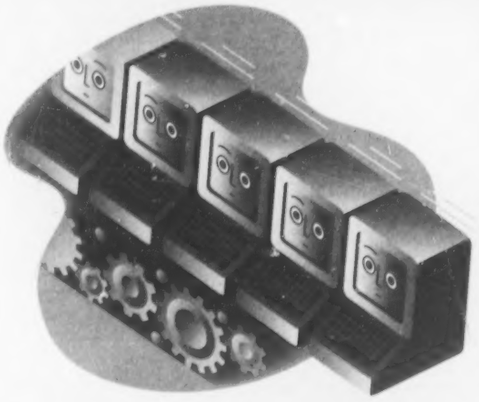
Marketers go color blind



To paraphrase Henry Ford, you can have any color PC you want, as long as it's gray or tan.

Despite the sleek, high-tech images that computer companies try to project, the actual products, with a few notable exceptions, are intentionally bland in appearance.

Some marketers have considered following the lead of radio manufacturers and unveiling PCs in a variety of colors to convey the customer's personality. The thinking is this change, however minor, could help the industry battle the increasing commoditization of the PC.

But computer companies are reluctant to use color for two major reasons: ergonomics and professional appeal.

"In Europe there are very strict workplace standards for ergonomics, and part of those standards call for minimum contrast between the display and the surrounding screen," explains Gary Podwalny, industrial design manager at Hewlett-Packard Co.'s Corvallis division. The result is computers that come in some variation of the gray palette.

There are no such standards in the U.S. But if companies expect to sell their products worldwide without having to adjust their production processes, they voluntarily restrict themselves to a very limited, low-contrast palette, Mr. Podwalny says.

Computers from Next Computer, launched by Apple Computer co-founder Steven Jobs, not only have a futuristic look but come in black—a clear violation of the European ergonomic standards.

"I wonder how Next will do in Europe. They were aware of the issue," Mr. Podwalny says.

Momenta Corp., which recently introduced a pen-based system, hopes to break out of the conventional computer mode with a line of lifestyle cases in a variety of colors and materials, says Paul Braund, president of Braund Creative Design, San Francisco, designer of Momenta's PC shell.

But color is down the road. The initial Momenta machines are, as expected, dark gray.

"The first thing we had to do was to establish an image for the mobile professional. We had to make sure the comfort zone was there," Mr. Braund says.

When Mr. Podwalny designed the HP 95LX handheld computer, he considered a variety of colors. He decided on dark gray not for ergonomic regulations but professionalism.

"We did a lot of research and found that our customers—high-level professionals—expressed some interest in more trendy colors like mauve but then opted for a more professional image," Mr. Podwalny says.

Customers want the handheld computer to look professional, not toylike or trendy.

"Colors are very trendy, going in and out of fashion," he notes.

The computer, Mr. Podwalny adds, has to look like "a tool, not a gadget."

—Alan Radding

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"PC/Computing's environment really provides the selling atmosphere our clients are looking for."

—David Kasabian, President
DRK Inc., Boston

We're *PC/Computing*. The monthly computer publication that media and marketing professionals are talking about.

"When *PC/Computing* came along, we got the audience we'd been looking for. We knew they were out there... people intensely seeking new applications, new ways to put PCs to work. But reaching them efficiently was tough.

"No other magazine talks to these people like *PC/Computing*.

"It's a hot audience.

"*PC/Computing* is the first publication we look at."

Isn't it time you took a closer look at PC/Computing?

No more cloning around

PC marketers appear ready to go on brand-building binge

By Christy Fisher

Advertising for personal computers is on the verge of another revolution.

Not since the early 1980s has the computer industry seen the creative explosion that marked its early years: IBM Corp.'s Little Tramp, Apple Computer's "1984" spot or Compaq Computer Corp.'s humorous campaign starring actor John Cleese.

Since then, the prevailing theme in PC advertising has shifted from promoting an image to presenting technological breakthroughs to selling on price.

Now, analysts say the profit-ravaged industry is looking to retreat from price wars to its home base: Building the brand image.

Making this strategy shift will be particularly important to clones, which currently have little name identity.

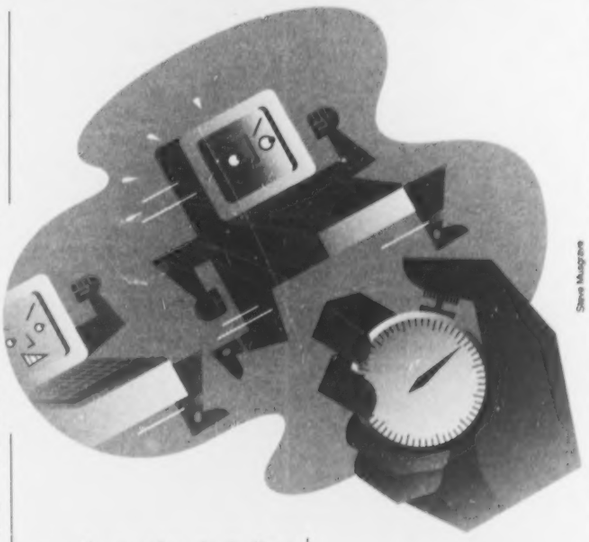
"Now that the PC market is maturing and many products are much the same, computer marketers will have to differentiate their products much the same way Procter & Gamble differentiates its soaps," says Bruce Lupatkin, a computer industry analyst for the investment firm of Hambrecht & Quist.

That bodes well for advertising spending.

"Advertising is going to play a bigger role," says Kevin Bohren, Compaq's VP-corporate communications. "As there are less product and service differences, you will see computer marketers advertise, advertise and advertise.

"Ad spending will be up quite a bit more than the 1980s," he contends.

This shift in marketing focus already has put at least one account in review. Compaq, which has used Ogilvy & Mather, Houston, since the marketer's inception in 1982, is considering several agencies, including the incumbent, for its estimated $20 million to $30 million North American account.



Steve Musgrave

IBM advertising, which has been criticized for being drab and not reflective of Big Blue's leadership, may be headed in new directions for the 1990s.

"There will be another level adopted by us and others of adding value with service and support, and not comparing box to box," says Jim Garrity, IBM's director of U.S. advertising.

"The whole industry is in a flux right now," Mr. Lupatkin says. "All are stepping back and evaluating."

So far this year, marketers of PCs, peripherals and accessories have slowed ad spending.

These marketers have spent $107.7 million in advertising during the first half of the year, according to LNA/Arbitron Multi-Media Service. This figure represents a 3.5% drop from the same period last year.

But marketers' plans for the short-term future appear to include spending increases.

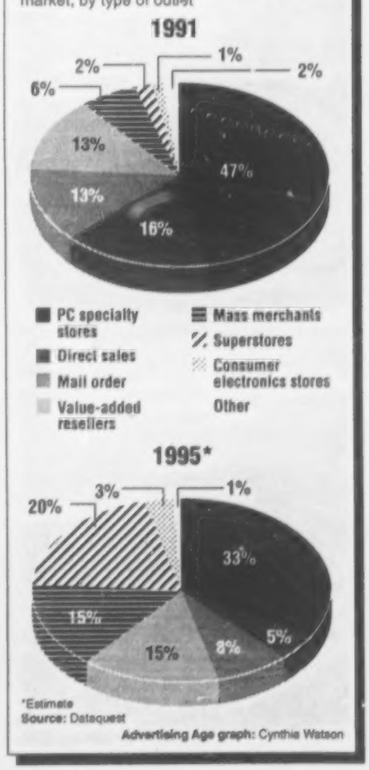
After abstaining from TV advertising this year, Compaq plans to return to TV in 1992 "to try to differentiate itself from the pack," Mr. Bohren says. Building the Compaq brand is one of the company's key goals, he says. Compaq uses a premium positioning themed "It simply works better."

Major players, which have been hard hit by low-priced clones, are expected to emphasize value and affordability, while marketers of clone machines work on name-rec-

'People are buying computers like toasters'

PC purchases not so special

Percentage of PC units sold to the business market, by type of outlet



*Estimate
Source: Dataquest
Advertising Age graph: Cynthia Watson

By Christy Fisher

The discount superstore is changing computer retailing, just as it did the automotive, building materials, consumer electronics, general merchandise and office supply segments.

Now that PCs are considered more a commodity than a novelty, consumers and corporations are shopping for them much the same way they shop for a TV, CD player or VCR.

Instead of seeking assistance and expert advice from a traditional computer dealer, home and business computer purchasers are looking for bargains from mass merchandisers and computer superstores.

"People are buying computers the same way they buy blenders and toasters," says Douglas Kass, senior analyst for Dataquest, a market researcher. "One product has more or less essentially the same features as another. Price has become more important."

Both business purchasers and home PC users have flocked to these lower-priced outlets, which cut prices but don't offer the service and support of a higher-end outlet.

Computer superstores, such as CompUSA and CompuAdd Corp., by 1995 are expected to sell 20% of all PCs to the corporate market, up from 2% in 1990, according to Dataquest. Mass merchants also will gain share from 6% currently to 15% of unit sales.

The superstores' gains primarily will be made at the expense of traditional computer dealers. These resellers still sell the most PCs, but their share of the market will drop from 47% in 1990 to 33% by 1995, Dataquest says.

Although value-added resellers will post increases, mail order and direct sales also will suffer share declines. Mr. Kass says buyers will seek the "instant gratification" of purchasing a low-price product at a computer superstore or retailer rather than wait for the product to come in the mail.

Similar trends are under way in the home PC market.

Dataquest estimates mass merchants will claim the largest share of computer purchases by 1995, overtaking traditional computer dealers.

This shift in retailing trends is causing computer marketers and retailers to scramble to meet a changing market that is being polarized between high-end specialty business systems applications and low-end discount sales.

Apple Computer, Compaq Computer Corp. and IBM Corp., which have long dominated business systems sales, are opening up distribution channels and making some of their products available to mass-merchandising outlets that previously enjoyed considerable success selling clones.

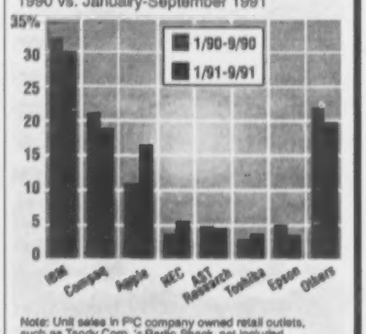
IBM introduced its PS/1 home computer with an alliance with Sears, Roebuck & Co. and regional department stores. Dell Computer Corp., which traditionally has relied on mail order, now makes its wares available at superstore chains, such as CompUSA, and office-supply chains, such as Staples Inc.

Superstores, meanwhile, are enjoying explosive growth.

CompUSA, with projected fiscal

Apple a bigger hit at core retailers

Share of PC units sold through computer stores and retailers, January-September 1990 vs. January-September 1991



Note: Unit sales in PC company owned retail outlets, such as Tandy Corp.'s Radio Shack, not included.
Source: Storeboard/Computer Intelligence
Advertising Age graph: Kimberly Mart

ognition and upgrading their quality image, analysts say.

"The margin charged for a logo ain't what it used to be," says William Zachmann, president of Canopus Research, a market researcher.

But, he adds, marketers will emphasize their brand names.

"The Apples and IBMs of the world will become much more competitive on price in response to loss of market share. The up-and-coming brands will work to establish a brand and image."

Apple, which has kept a strong image, is putting its focus on its product line and competitive pricing. New TV, newspaper and magazine ads broke last month for its Macintosh-compatible notebook computers themed "The revolution continues" from BBDO Worldwide, Los Angeles. "The power to be your best" is the tagline.

"If you look at the companies that have done well in 1991 in a recession, whether it has been tacos or soft drinks or hotel rooms or airlines or computers, it's been those companies that have been most aggressive in pricing," says John Sculley, Apple chairman-ceo. "So we put a major focus on pricing and . . . on new product development."

"There may be a temporary move by the big guys toward price orientation, but it can't be sustained," says Jim Rose, VP-account supervisor on the Compaq business for O&M.

The price difference between premium-name PCs and clones has fallen from about 50% to about 15% now, but the big-name marketers can't undercut the competition, Mr. Rose says. As a result, he says, major computer marketers have to move toward more established brand orientation or give the market to low-cost producers.

"Compaq, IBM and everyone else has to explain why they are better," he says.

"Our national advertising will be focused more on the IBM logo. . . . [There will be] a regrouping around the IBM brand," Mr. Garrity says.

For clone marketers to compete against the premium-name marketers' messages, they'll have to establish their products' value.

Analysts point to Dell Computer Corp.'s success in breaking out of the IBM-compatible clone pack with a hard-hitting comparative campaign targeting rival Compaq that broke in September 1990.

With bold spread ads headlined "Top of the mark" over the Dell products and "Top of the markup" over the Compaq products, Dell was able to put itself in the same league as Compaq, but position itself with a price advantage.

Dell presently is being sued by Compaq and has backed off from the campaign, although it denies the lawsuit is the reason for doing so.

The key for other clone makers will be to establish in PC buyers' minds that their brand names convey an impression of quality, despite carrying a lower price.

"Name recognition is important for the smaller, new players," says Bruce Stephen, an analyst with market researcher International Data Corp. "There are a number of Asian, Taiwanese companies with no solid brand image. They need to upgrade their image from a clone-maker to a quality provider of systems to the corporate marketplace." □

1991 sales of $600 million, has 20 stores now and ambitious plans. The company plans to open 20 stores a year until it serves major U.S. markets and then move abroad.

CompuAdd, a computer manufacturer, mail-order house and retailer, now has 115 stores of varying sizes nationwide and expects to have 200 stores by the end of 1992.

Tandy Corp., the parent of the 7,000-store Radio Shack chain, is increasing its already considerable retail presence by expanding into the superstore segment. By yearend, it will open eight Computer City Super-Centers, which will sell Tandy, Apple, Compaq and IBM computers. It plans to open 15 to 20 new stores a year and sees sales possibly reaching $1 billion by 1995, according to company estimates.

Mass merchandisers, consumer electronics chains and office supply superstores also continue to bolster their computer offerings. PCs now are regularly advertised by mass merchandisers and by consumer electronics chains, such as Best Buy Co. and Highland Superstores. Office supply chains, such as BizMart, Office Club, Office Depot and Staples also are

(Continued on Page S-11)

EVERY MARKET HAS A LEADER

"Not recommending PC/Computing could be a serious professional error."

—Iain Woolward, Chairman
Woolward & Partners, San Francisco

PC/Computing is the magazine Woolward & Partners turns to month after month to reach 700,000 business buyers for their client, Logitech.

"Our job is to say 'no' to most publications. We find we can't say 'no' to *PC/Computing*. It pulls quite well for us.

"And in readership studies, we've seen that the readers are involved with the advertising.

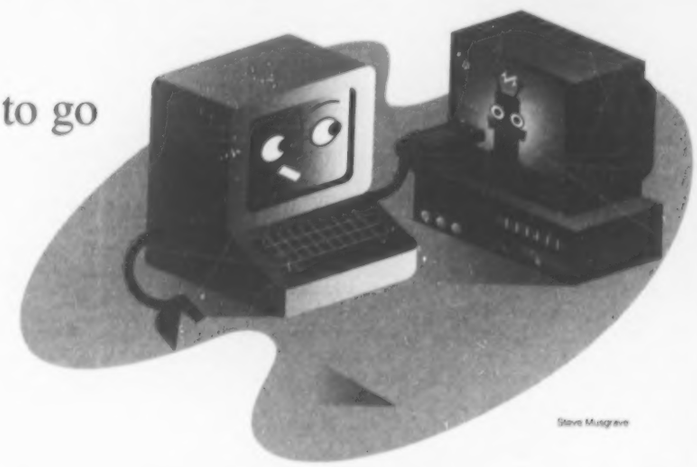
"Plus, you can't beat the efficiency. With the lowest CPM of all computer books, how can we not be in *PC/Computing*?"

PC/Computing is the most successful, most preferred, most applauded monthly magazine in the PC marketplace.

How can you not be in PC/Computing?

Fuzzy picture

Multimedia PC systems have long way to go



Steve Musgrave

By Junu Bryan Kim

Supporters of multimedia computers say this innovation has to be seen—and heard—to be believed. But they also hope it'll be purchased.

As the PC turns into a lower-profit commodity, marketers see multimedia computing as the sparks for sales of new PCs and upgrade kits—and the profits that come with them. But if and when this happens—especially with new multimedia-ready PCs selling for about $3,000—remains to be seen.

"In the long term, this will have a large impact on the industry," says Michael Miller, editor of *PC Magazine*. But, he cautions, "things are just beginning to happen. You don't get overnight success [in this industry]."

Multimedia computers incorporate still pictures, video and audio with the text that's used in current PCs. For instance, an encyclopedia software package might feature video, graphics and sound accompanying the text. To be multimedia-ready, a PC must have a CD-ROM drive, which reads data stored on compact discs; an audio board to reproduce sounds; and certain memory, speed and graphics specifications.

The combination of pictures and words is what makes multimedia computing an industry buzzword. In fact, although neither Apple Computer nor IBM Corp. currently produces multimedia PCs, one of their joint venture companies, Kaleida, is working to develop software and propose technical standards.

Although multimedia PCs have been unveiled only within the last few months, the system's enthusiasts have touted the apparatus as being a more powerful communications device and an easier way to gain access to more information for businesses and consumers.

"The problem now with computers is that it's mainly presented text. But multimedia can present a message in various media," allowing the recipient to interpret the audiovisual features of an object or event, says Nick Arnett, president and chief analyst at Multimedia Computing Corp., a market researcher and publisher.

"Information will no longer need to be in a static form. It can be made alive with animation, graphics and multimedia applications," says Marc Miller, director of multimedia for NEC Technologies.

Multimedia computers can be used in school classrooms to enliven lessons.

"It's a way to take a class to Mt. Everest," Mr. Arnett says.

In business, multimedia computers can be used to create presentations, train employees and provide data to consumers through interactive store kiosks, observers say. These uses will help boost sales of multimedia PC equipment to the corporate sector from $4.7 billion this year to $22 billion in 1995, according to estimates from computer consultancy Inteco Corp. By that year, the most sales of multimedia equipment will go to businesses, for use in presentations and desktop publishing, and schools.

In the home, observers see multimedia computers being used similarly to the current PC: entertainment, learning and at-home work.

But the $3,000-and-up price tag for a new multimedia PC makes some wonder whether these advances will help boost PC penetration of the consumer market past its current 25% figure.

"To those on the edge [of buying a PC], this may convince them," Mr. Arnett says. But multimedia computer uses "are not applications that will motivate people to buy millions of computers."

Marketers respond by saying the existing computer-owning market is ripe for multimedia upgrades, which cost about $800.

"The main misunderstanding about multimedia is that people are assuming that this is a $3,000 purchase decision, and that only people who can afford to buy one to a dozen of these new $3,000 computers are going to be interested," says Ed Juge, director of market planning for Tandy Corp.'s Radio Shack.

The key element hinges on having an abundance of software applications. Just as word processing and spreadsheet applications spurred interest in the PC at the office and at home, multimedia marketers need practical home and office applications for their products. Buyers won't snap up these products solely for the love of the technology; they need to know what the technology can offer them.

"It's very easy to understand what a camcorder or a VCR does. It's difficult to explain what a multimedia interactive system does," Mr. Arnett says.

Currently there are 60 software applications titles available, but next year there should be another 100 titles on the market, according to Marc Miller.

One of the better-known packages is Microsoft Corp.'s "Multimedia Beethoven: The Ninth Symphony," which lets users listen to this work while analyzing its four movements, or read about what was happening in the composer's life while he wrote the piece.

But whether a software application will emerge to spur multimedia sales the way word processing boosted PC sales remains to be seen. For instance, observers figure a presentation or training package will bolster multimedia use in the office. But, Michael Miller says, "I can't say there's something [like that] out now."

If the software library grows, marketers expect big things from the multimedia market.

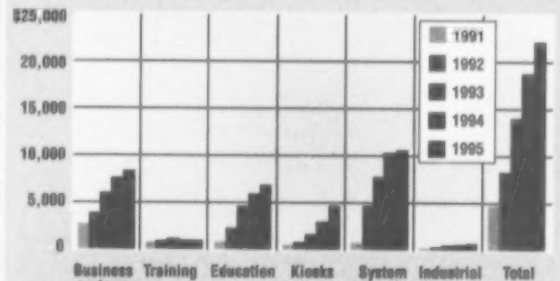
"It's going to be mainstream within three to five years," Mr. Juge says. "By then, finding a PC without multimedia will be like trying to find a new car in Texas without air conditioning."

But Mr. Arnett warns marketers not to expect too much too soon.

"People have high short-term expectations and low long-term expectations" for multimedia, he says. □

Mega-revenues from multimedia

Projected sales of multimedia equipment to U.S. business sector, by market type/application ($000,000s)



Note: Business system uses include presentations, business modeling, desktop publishing; training refers to employee training uses; kiosks involve on-site or in-store information, sales or entertainment listings; industrial includes on-site worker guidance at industrial, medical and repair locations.
Source: Inteco Corp.

Advertising Age graph: Kimberly Mart

Superstore

(Continued from Page S-10)

boosting floor space to accommodate computers and adding name brands.

"We position ourselves as a complete office product superstore," says Ron Stegall, ceo of BizMart, which is adding Apple, Compaq, IBM and Toshiba products to its stores. "Computers are an office product, too."

These changes spell potential problems for traditional computer dealers, unless they adapt to the changing marketplace.

Some local players, such as Computers Etc. in Peabody, Mass., are transforming themselves into superstores by cutting prices and expanding product offerings.

All the major players of the 1980s—Businessland, Computerland and Intelligent Electronics—are repositioning themselves for the 1990s.

JWP Businessland, the end result of JWP's acquisition of Businessland this year, has abandoned the retail market altogether.

Instead, it's focusing on value-added services, such as a direct sales force that focuses on systems integration and sales of equipment to large corporate and government clients.

The chain is the No. 2 reseller in the market, according to *Computer Reseller News*, with over $2 billion in sales projected for 1991. Last year, the publication estimates JWP and Businessland generated a total of $1.9 billion in revenues.

Computerland, which has 644 branches worldwide, also is consolidating operations. It has closed stores in major markets and is using a direct sales force to court the business market.

The company, which *Computer Reseller News* estimates as being the top reseller in the market with $2.5 billion in revenues projected for 1991, also opened its first superstore in Atlanta this year.

"If [computer resellers] can maintain their focus and service accounts with their technical expertise, then their future is bright," Mr. Kass says. "But if they try to be all things to all people, it's not." □

IBM, Apple, EDS top ad spending list

Leading magazine spenders by parent company	First half 1991	First half 1990	% chg.
1. IBM Corp.	7,342.1	4,641.6	58.2
2. Compaq Computer Corp.	6,810.5	839.0	711.7
3. Hewlett-Packard Co.	6,773.4	3,425.9	97.7
4. Intel Corp.	5,071.2	621.6	715.8
5. Digital Equipment Corp.	4,591.5	1,908.8	140.5
6. General Motors Corp.	3,823.5	0.0	N/A
7. Apple Computer	3,429.1	1,606.0	113.5
8. Tandy Corp.	3,302.3	1,786.8	84.8
9. Groupe Bull	2,413.7	1,311.7	84.0
10. Toshiba Corp.	2,341.4	1,736.0	34.9
11. Eastman Kodak Co.	1,753.9	0.0	N/A
12. Unisys Corp.	1,674.7	1,563.3	7.1
13. Fujitsu	1,520.7	1,159.7	31.1
14. Sun Microsystems	1,520.4	410.2	270.6
15. NEC Corp.	1,367.3	700.9	95.1
16. Sharp Corp.	996.7	218.6	355.9
17. Commodore International	977.2	64.8	1,408.0
18. Dell Computer Corp.	898.0	129.6	592.9
19. Intergraph Corp.	872.5	567.0	53.9
20. Texas Instruments	826.5	559.0	47.9
21. Data General Corp.	705.0	98.5	615.7
22. Wyse Technology	590.0	0.0	N/A
23. Matsushita Electric Industrial Co.	581.8	527.1	10.4
24. Motorola	535.5	641.8	-16.6
25. Oki Electric Industry Co.	408.4	1,582.3	-74.2

Leading newspaper spenders by parent company	First half 1991	First half 1990	% chg.
1. Apple Computer	4,283.5	3,278.5	30.7
2. IBM Corp.	4,100.0	3,209.9	27.7
3. Hattori Corp.	3,162.5	3,014.7	4.9
4. Canon Inc.	1,733.7	0.0	N/A
5. Compaq Computer Corp.	784.8	37.2	2,009.7
6. Tandy Corp.	632.4	1,119.6	-43.5
7. Digital Equipment Corp.	441.8	764.0	-42.2
8. Data General Corp.	378.8	6.6	5,639.4
9. Hewlett-Packard Co.	321.9	4,663.1	-93.1
10. Dell Computer Corp.	256.3	0.0	N/A
11. Fujitsu	196.6	2.4	8,091.7
12. Hayes Microcomputing Products	184.1	0.0	N/A
13. AT&T Co.	116.8	763.5	-84.7
14. TV Answer	115.4	0.0	N/A
15. Mitsubishi Electric Corp.	101.8	2,052.2	-95.0
16. NEC Corp.	91.1	159.4	-42.8
17. Lexmark International	84.4	414.9	-79.7
18. Groupe Bull	68.9	855.5	-89.5
19. Next Inc.	51.0	0.0	N/A
20. Uniq Tech Inc.	35.1	31.9	10.0
21. Intel Corp.	32.3	0.0	N/A
22. Hyundai Group	27.7	45.3	-38.9
23. Eastman Kodak Co.	26.0	0.0	N/A

Leading 10-media spenders by parent company	First half 1991	First half 1990	% chg.
1. IBM Corp.	18,979.7	10,137.8	87.2
2. Apple Computer	11,945.1	17,041.5	-29.9
3. General Motors Corp.	9,007.2	6.6	136,372.7
4. Compaq Computer Corp.	7,595.3	2,636.9	188.0
5. Hewlett-Packard Co.	7,200.0	13,547.6	-46.9
6. Tandy Corp.	6,565.8	4,068.2	60.6
7. Digital Equipment Corp.	5,203.5	3,362.2	54.8
8. Intel Corp.	5,103.5	2,508.3	103.5
9. Hattori Corp.	3,167.0	3,491.2	-9.3
10. Sun Microsystems	2,591.5	438.7	490.7
11. Groupe Bull	2,486.1	3,700.1	-32.8
12. Toshiba Corp.	2,440.3	2,503.5	-2.5
13. Lexmark International	2,211.6	3,766.8	-41.3
14. Canon Inc.	1,914.5	378.8	405.4
15. Unisys Corp.	1,826.9	1,734.7	5.3
16. Fujitsu	1,783.3	1,198.2	48.8
17. Eastman Kodak Co.	1,779.9	93.8	1,797.5
18. Data General Corp.	1,715.2	105.1	1,532.0
19. NEC Corp.	1,708.3	979.8	74.4
20. Dell Computer Corp.	1,548.0	129.6	1,094.4
21. Sharp Corp.	1,379.4	449.6	206.8
22. Commodore International	977.2	918.7	6.4
23. Intergraph Corp.	872.5	567.0	53.9
24. Texas Instruments	826.5	559.0	47.9
25. Wyse Technology	590.0	0.0	N/A

Leading magazine spenders by brand	Parent Company	First half 1991	First half 1990	% chg.
1. Digital Equipment Corp. general promotion	Digital Equipment Corp.	4,308.0	1,772.8	143.0
2. Electronic Data Systems Corp. general promotion	General Motors Corp.	3,823.5	0.0	N/A
3. Apple printers	Apple Computer	2,415.5	0.0	N/A
4. Hewlett-Packard peripherals	Hewlett-Packard Co.	2,391.3	0.0	N/A
5. Intel Corp. general promotion	Intel Corp.	2,294.9	130.4	1,659.9
6. Intel computer components	Intel Corp.	2,075.0	459.4	351.7
7. IBM Corp. general promotion	IBM Corp.	1,918.4	1,165.5	64.6
8. IBM PS/2 computer	IBM Corp.	1,895.5	1,255.6	50.9
9. Hewlett-Packard Apollo SER 700 workstation	Hewlett-Packard Co.	1,869.5	0.0	N/A
10. Compaq Deskpro 286 & 386 computers	Compaq Computer Corp.	1,837.4	0.0	N/A
11. IBM PS/1 computer	IBM Corp.	1,730.0	0.0	N/A
12. Hewlett-Packard workstation	Hewlett-Packard Co.	1,667.2	60.1	2,674.0
13. Unisys Corp. general promotion	Unisys Corp.	1,535.8	1,551.7	-1.0
14. Fujitsu general promotion	Fujitsu	1,520.7	1,159.7	31.1
15. Compaq computer systems	Compaq Computer Corp.	1,448.0	839.0	72.6
16. Toshiba portable computers	Toshiba Corp.	1,428.1	969.4	47.3
17. Compaq portable computers	Compaq Computer Corp.	1,420.8	0.0	N/A
18. Bull HN Information Systems	Groupe Bull	1,398.1	960.3	45.6
19. Commodore Amiga 500 computer	Commodore International	969.1	0.0	N/A
20. Kodak printer & computer interface	Eastman Kodak Co.	932.4	0.0	N/A

Leading newspaper spenders by brand	Parent Company	First half 1991	First half 1990	% chg.
1. Apple Computer systems	Apple Computer	4,061.6	3,239.9	25.4
2. IBM computer systems	IBM Corp.	3,999.9	3,073.0	30.2
3. Epson computer systems	Hattori Corp.	1,845.8	2,126.1	-13.2
4. Canon printers	Canon Inc.	1,281.6	0.0	N/A
5. Epson printers	Hattori Corp.	1,115.2	888.6	25.5
6. Compaq computer systems	Compaq Computer Corp.	784.8	37.2	2,009.7
7. Tandy computer systems	Tandy Corp.	632.4	1,119.6	-43.5
8. Digital Computer systems	Digital Equipment Corp.	441.8	764.0	-42.2
9. Data General computer systems	Data General Corp.	378.8	6.6	5,639.4
10. Canon Navigator computer	Canon Inc.	325.6	0.0	N/A
11. Hewlett-Packard computer systems	Hewlett-Packard Co.	286.3	641.8	-55.4
12. Dell computer systems	Dell Computer Corp.	256.3	0.0	N/A
13. Epson computer systems & printers	Hattori Corp.	201.5	0.0	N/A
14. Fujitsu printers	Fujitsu	196.6	2.4	8,091.7
15. Apple computers & printers	Apple Computer	141.5	0.0	N/A
16. Canon personal computer systems	Canon Inc.	126.5	0.0	N/A
17. Hayes microcomputer products	Hayes Microcomputing Prod.	122.8	0.0	N/A
18. TV Answer	TV Answer	115.4	0.0	N/A
19. Mitsubishi computers	Mitsubishi Electric Corp.	101.8	2,052.2	-95.0
20. IBM Corp. general promotion	IBM Corp.	100.1	136.9	-26.9

Leading 10-media spenders by brand	Parent Company	First half 1991	First half 1990	% chg.
1. Electronic Data Systems Corp. general promotion	General Motors Corp.	9,007.2	6.6	136,372.7
2. Apple Computer systems	Apple Computer	6,346.5	4,105.5	54.6
3. IBM Corp. general promotion	IBM Corp.	4,796.2	1,899.8	152.5
4. Digital Equipment Corp. general promotion	Digital Equipment Corp.	4,478.2	1,975.9	126.6
5. IBM computer systems	IBM Corp.	4,114.2	3,091.0	33.1
6. IBM PS/1 computer	IBM Corp.	3,667.4	20.9	17,447.4
7. IBM PS/2 computer	IBM Corp.	3,255.9	2,684.0	21.3
8. Tandy 1000 computer system	Tandy Corp.	3,216.6	2,453.8	31.1
9. Apple Macintosh	Apple Computer	2,596.7	10,835.3	-76.0
10. Apple printers	Apple Computer	2,415.5	0.0	N/A
11. Hewlett-Packard peripherals	Hewlett-Packard Co.	2,391.3	0.0	N/A
12. Intel Corp. general promotion	Intel Corp.	2,294.9	130.4	1,659.9
13. Compaq computer systems	Compaq Computer Corp.	2,232.8	2,636.9	-15.3
14. IBM Lexmark printers	Lexmark International	2,211.6	3,766.8	-41.3
15. Intel computer components	Intel Corp.	2,075.0	2,346.1	-11.6
16. Hewlett-Packard Apollo SER 700 workstation	Hewlett-Packard Co.	1,869.5	0.0	N/A
17. Epson computer systems	Hattori Corp.	1,850.3	2,145.3	-13.8
18. Compaq Deskpro 286 & 386 computers	Compaq Computer Corp.	1,837.4	0.0	N/A
19. Hewlett-Packard workstation	Hewlett-Packard Co.	1,691.4	60.1	2,714.3
20. Sun Microsystems general promotion	Sun Microsystems	1,666.0	0.0	N/A

Notes: Dollars are in thousands. Ten-media totals include newspaper, magazine, newspaper distributed Sunday magazine, outdoor, network cable TV, network TV, spot TV, syndicated TV, national spot radio and network radio. Ad Age Graphics by Jean Bremner

Source: LNA/Arbitron Multi-Media Service

Magazines defend their niches

After shakeouts, top tier of books wield strength

By Scott Donaton

The rich will get richer and the poor will get poorer in computer publishing in the coming years, industry observers say.

Despite at least two major shakeouts in the last decade and a thinning out of the field, the computer segment remains one of publishing's most crowded with an estimated 200-plus trade and consumer magazines and newspapers.

The emergence of several titles as leaders of the entire field could spell trouble for the smaller, more specialized titles.

The leading PC magazines that survived shakeouts in the field in 1984 and 1989 now are solidifying their niches within the field.

As their efforts succeed and overall growth in the computer book segment cools, observers say many of the smaller, more specialized computer books—especially those that duplicate the editorial missions of established counterparts—are likely to get squeezed out.

"All of the magazines are very different, and they're different by design."
Ronni Sonnenberg
publisher, PC Magazine

"Differentiation is always a problem in a crowded marketplace," says Ken Norton, senior sales promotion manager for Interface Group, a high-tech agency in Needham, Mass. "There is a limit to the market's ability to support dozens of these publications."

"It's not uncommon when an industry segment that has mushroomed the way the computer field has for publishers to look and say, 'Wow, here's an opportunity to make a few dollars,' " says Curtis Wright, president of Battenberg, Fillhardt & Wright in San Jose, Calif.

"That's well and good if the book serves a real editorial purpose," he says. "But as time goes along, the less meaningful ones will fall by the wayside. I think we'll see a shakeout before the end of '92."

The strain of a crowded stable of titles is starting to show.

Ad pages in computer publications were down 3% in the first half of 1991 compared with the same period last year, the first decline in volume since 1988, according to a study of 72 computer books by Adscope, which tracks ad pages in computer titles.

But PC-specific books, which have been successful at communicating their individual personalities, saw ad page volume rise 16% in the first half of 1991, according to Adscope.

PC Magazine, the clear category leader, focuses on comparative product reviews. *Byte* is a more technical read. *PC World* is management-oriented. *PC Week* and *InfoWorld* are controlled. *PC Computing* focuses on computer solutions to business problems.

But beyond the PC category and a handful of other titles, the results aren't as promising.

Ad pages in data processing/management information systems titles were down 16%, and the engineering/scientific field was down 5% in the first half of

These days, technology has to serve everybody. The trouble is, everyone wants technology to do something different.

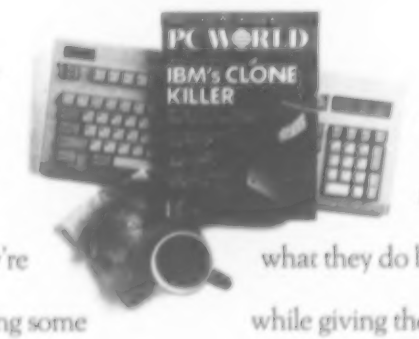
IS managers, for instance, are apt to put a very strategic spin on things. That's because they're charged with delivering information throughout the enterprise, integrating the company's computing and communications resources.

If there were only one kind of computer buyer, we'd only have one computer publication.

CIO's tend to look at the whole enterprise another way. After all, they're tackling some of the very trickiest issues in business. Like how to best use technology to produce the greatest business management gains.

Department managers, on the other hand, have to focus on doing just what their name implies. So they're more concerned with the productivity issues in their own backyard, their local area networks, and generally making sure their department is happy and humming along.

End users, however, have a different perspective entirely. They see the world from their desktop. They want whatever helps them do what they do better—while giving them access to the rest of the workgroup or a mainframe.



the year. Titles disappearing in 1991 included *Computer Design News, Computer Publishing, Macintosh Aided Design* and *Netware Technical Journal.*

In addition, industry observers say readers are hard-pressed to differentiate among the rest of the pack.

Mark Evans, partner at Santa Clara, Calif.-based Bricker Evans, says focus groups conducted by the agency show "there seems to be a hard time for people to differentiate, and we see this as a concern."

Most computer buyers are deluged with specialty computer publications but don't have the time or inclination to read them all, he says.

In a crowded field of computer books, publications like *PC Magazine, PC World, PC Computing* and *Byte* are trying to corner specific areas of the computer-user market.

"They're overloaded with magazines, they get many of them for free and they don't seem to have loyalty to any one magazine. It's very overwhelming to them," he says.

Mr. Evans says the agency's research has found most volume buyers receive four or five computer publications on a regular basis.

But, he says, he doubts there will be a shakeout in the field as long as advertisers continue to support many of the existing books.

"The pressure can only come from advertisers, and there's no pressure from that end," he says. "Advertisers' budgets are not focused. They're scattering their budgets, and that helps a lot of marginal players stay in business."

PC magazine publishers, however, dismiss study group findings that show readers can't tell one computer magazine from the other.

"That is in contrast to everything I've seen everywhere," says Ronni Sonnenberg, publisher of *PC Magazine*. "All of the magazines are very different as far as I'm concerned, and they're different by design."

While *PC Magazine's* studies indicate many readers do receive more than one computer publication, she says there is little audience duplication among the bigger-circulation, general interest PC publications.

"I'm not sure that anecdotal research, which you get with focus groups, is a good way to judge questions of overall magazine readership," says Patrick Kenealy, publisher of *PC World*. "The actual demographic research and circulation results of the bigger PC books say the readerships are becoming more distinct."

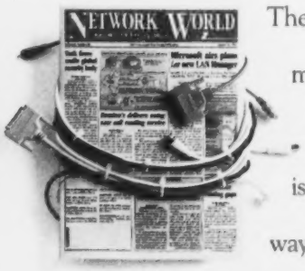
He, too, believes the strong will continue to get stronger in PC publishing in the '90s while marginal titles will fall by the wayside.

"The survivors have survived and now they have to differentiate themselves," he adds. "I don't think you're going to see many of the big magazines go out of business anymore."

But at least one media buyer believes more titles may be better and that the proliferation of computer books will continue.

"I think we'll see a lot more magazines come out in the field, a lot of niche players and specialization, more vertical books," says David Yoder, VP-media director at Anderson & Lembke, San Francisco, a business-to-business division of Chiat/Day/Mojo.

He says the agency's research has found that "people who read a lot of publications influence [buying decisions] more. Your power readers are the ones who are buying more product." □



Then there's senior management. To them, technology is one of the best ways to gain a strategic, competitive advantage. Or, at least, it better be.

The point is, everybody's involved. All these groups influence each other. That's why, today, there's no one person who's responsible for buying technology for the many. Instead, in the networked corporation, there is a network of people who are responsible for buying and implementing technology, each responding to different needs and demands.

That's why they all need different kinds of information, presented in different ways, to help them do their jobs. And why we have more than one kind of computer publication.

In fact, IDG has more ways to reach more of your market than anyone. We also know more than anyone about how information technology is bought, having just completed the largest independent study of the buying process ever conducted.

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And find out why nobody knows more about how to reach more of your market than we do.

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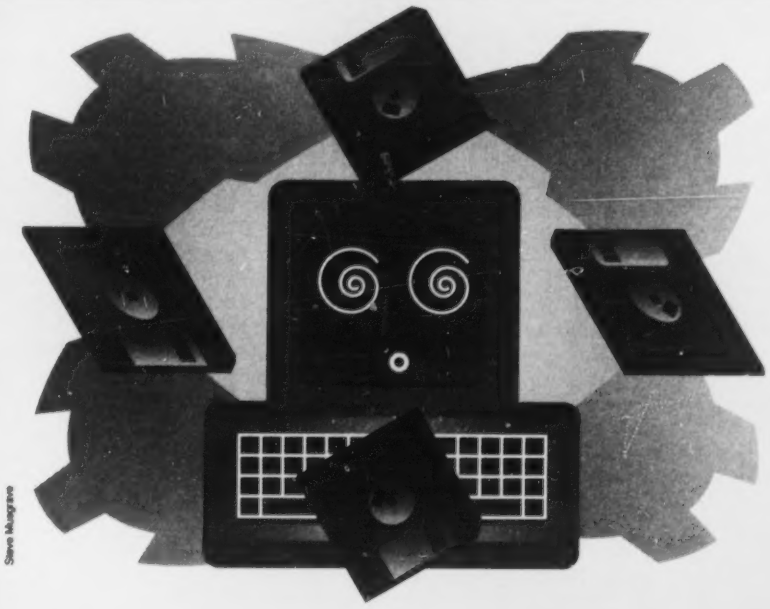


Steve Musgrave

Operating systems get 2nd look

Is DOS the future? Users seem ready to go beyond

By Junu Bryan Kim

Three letters have helped contribute to the phenomenal growth of the personal computer industry: D-O-S.

The prominence of Microsoft Corp.'s MS-DOS operating system, which along with its enhancement program—Windows—today owns an estimated 90% of the operating system market, has facilitated PC use.

But the emergence of other operating systems could lead to the fragmentation of this market. At that time, not only must users bet on a system, but so must PC marketers.

When other operating systems besides DOS become entrenched in the PC market, "People are going to have to line up on one side or the other, especially if there are hardware implications," says Joe Taglia, VP-Americas territory at Digital Research, a software company.

The operating system is the software program that controls a computer's basic functions. Because software applications are written to run on certain operating systems, and because not all operating systems are compatible with all computers, PC marketers want their wares to support an operating system that provides consumers with a sufficient selection of applications.

History has shown the operating system plays a role in determining the success of a computer marketer.

■ When Compaq introduced its advanced Systempro computer system in late 1989, the company offered to equip it with whatever operating system a customer wanted.

"But they didn't align themselves, and it hurt them," says Stewart Alsop, editor in chief of the trade journal *InfoWorld*. "There's no real evidence that customers want that sort of choice; they'd look at it as chaos."

■ Because PC clones run on DOS, just as the original PCs made by IBM Corp. did, clone makers could offer a product that worked just like IBM's and promote their lower prices.

"Because of the fact that DOS worked across multiple manufacturers' machines, there are Compaq, Dell, AST Research, Gateway and the rest," says Michael Miller, editor of *PC Magazine*.

■ Apple Computer carved out its slice of the PC market with its Macintosh operating system, which is more user-friendly than DOS.

"The company that's done the best job in selling itself based on its operating system is Apple. It's done that by not being compatible," Mr. Miller says.

Aside from MS-DOS, the competing operating systems include IBM Corp., whose much-ballyhooed OS/2 2.0, an update of the current OS/2 product, won't be released until early next year, several months behind schedule; variants of Unix, a powerful operating system originally developed by AT&T Co. and adopted by various companies for use mainly in workstations; and Digital Research's DR DOS, a version of MS-DOS.

Also seen as competitors are various DOS "shells," such as Windows and GeoWorks' GeoWorks Ensemble, that turn DOS into a "point-and-click," graphic-based system, like Apple's Macintosh system. These programs aren't true operating systems—they can't run software without DOS—but because software writers have created applications to be used on them, they're considered operating system competitors.

Microsoft has sold 6 million copies of Windows 3.0 since its debut in spring 1990; IBM has sold about 600,000 copies of OS/2 since its '87 debut.

PC marketers currently favor DOS inclusion in their wares because the market demands it. "A lot of [PC makers] want to be lined up with Microsoft. They want Microsoft's operating system because that's what customers want," Mr. Miller says.

In fact, the concept of fragmentation within the operating systems market assumes one point: that users will switch from DOS.

Some observers claim users have invested too much money in DOS applications and too much time learning these programs to switch from DOS. "I question the premise that there will be a big breakup in the preference of operating systems," says Ed Juge, director of market planning for Tandy Corp.'s Radio Shack.

Any operating system developer looking to solidify a share of this market will have to create a product that's compatible with DOS, observers say.

"Full-scale fragmentation would only be possible if the operating systems were interchangeable," says Cheryl Currid, president of computer consultancy Currid & Co.

Despite DOS' power over this market, other insiders say users are outgrowing DOS' capabilities. A sudden switch from DOS to something else might be improbable, but the need for another system is emerging.

A recent survey commissioned by *PC Magazine* found that the percentage of businesses maintaining DOS as their single operating system will drop from 46% this year to 36% next year. Meanwhile, the percentage of companies that will use two or more operating systems as their standards will jump from 27% to 34% in the same period.

Because of Windows' success, "There's clearly a market for something better than DOS," Mr. Miller says. "[DOS] works and will be around forever, but it's no longer what people want. People want a graphical user interface, they want multitasking [the ability to run multiple programs at once], they want something that's point and click and easier to use. Windows is a step in that direction."

The popularity of Windows forces PC vendors to make their first real decision on operating systems.

Conceivably, if the demand for Windows is that great, a PC marketer could establish an advantage by "bundling" or installing Windows into its PCs in the factory. But because most operating-system developers will license their product to whomever wants it, any advantage achieved can't be considered permanent.

"If you want Windows and you can get a temporary advantage by bundling it, that's great. But the next thing you know, someone else will bundle it," Mr. Miller says.

But future decisions on operating systems could involve more choices for PC marketers, as they try to anticipate the wishes of their customers.

Many corporate buyers are likely to put the decision on whether to adopt a new operating system on hold for six months or a year while they evaluate prospects for the IBM/-Apple joint venture, says Nancy McSharry, an analyst at market researcher International Data Corp.

"Making the wrong decision: That's what [buyers] are nervous about," says Esther Dyson, editor and publisher of the computer newsletter *Release 1.0*.

Microsoft won't be toppled from its dominant position in the operating systems market for at least two years, Mr. Alsop predicts. But the IBM/Apple joint venture could produce a formidable competitor. The operating system goal of this venture is to create an object-oriented operating system that would simplify the process of users creating their own software. However, its release isn't expected until mid-decade.

"If you're talking five or six years down, I think it's possible, and that's what Apple and IBM are doing," Mr. Alsop says.

Still, computer manufacturers can distinguish their products in more tangible ways than promoting an operating systems allegiance, Mr. Miller says. His suggestion: promote performance, service and technical support.

"The bigger challenge is to come up with new and better ways of using computers. That's the issue, not what operating system people are going to use, because I don't think people care that much. They care about applications and solutions, not operating systems," Mr. Miller says. □

Bradley Johnson contributed to this story.

Microsoft takes biggest bite

Software market share leaders (revenues in $000,000s)

	Market share*	1990 revenues	1989 revenues	% chg. ('89-'90)
Microsoft Corp.	25.4%	$1,447.8	$952.8	52.0%
Lotus Development Corp.	12.0	684.5	556.0	23.1
Novell Inc.	8.9	510.0	430.0	18.6
WordPerfect Corp.	7.5	430.3	276.0	55.9
Autodesk Inc.	4.2	237.9	177.0	34.3
Ashton-Tate Corp.**	4.0	230.5	265.3	-13.1
Borland International**	3.3	190.8	104.2	83.2
Adobe Systems	3.0	168.7	121.4	39.0
Software Publishing Corp.	2.7	153.5	110.4	39.0
Aldus Corp.	2.4	135.0	98.6	36.9
Others	26.1	1,485.0	1,030.3	44.1

*Market share based on combined 1990 revenues of top 100 software companies.
**Borland International acquired Ashton-Tate in October 1991.
Source: SoftLetter
Advertising Age graph: Cynthia Watson

Agency schism widens

For emerging computer accounts, the old debate renews as big shops square off with boutiques

By Laurie Freeman

The current campaign for Momenta Corp.'s pen-based computer has not only introduced a new type of technology, it's reheated a brewing debate among high-tech and mainstream ad agencies.

Representatives of both specialized, high-tech agencies and mainstream shops feel their respective businesses are better suited to create ads and buy space for computer clients.

Specialized agencies complain mainstream agencies don't know anything about computer books.

"Their eyes glaze over because they don't understand the industry," says Mark Evans, a partner at high-tech agency Bricker Evans, Santa Clara, Calif., which handles B.T. North America.

Meantime, mainstream agencies claim specialized agencies wear blinders when it comes to placing computer ads.

Those bigger shops claim the specialists often look no further than niche media when buying media.

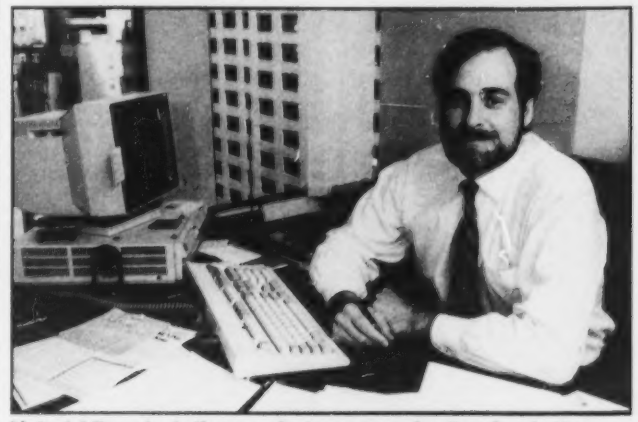
"Mainstream agencies don't come to the business with so many preconceived notions about what you can and cannot do," notes Curtis Wright, president, Battenberg, Fillhardt & Wright, San Jose, Calif., which handles the MacVision Macintosh video scanning system, along with agribusiness, bank and hospital accounts.

The schism between mainstream and specialized agency media buyers has reemerged with the current $2 million print campaign for Momenta, which selected Hal Riney & Partners, San Francisco, as its agency of record.

John Rizzo, Momenta's VP-marketing, interviewed both specialty technology agencies and broader-based consumer agencies. He says he opted to go with a consumer agency because he was not looking to duplicate what his company already knew about the computer marketplace.

"We chose to place our investment in educating the agency about technology, not [educating them about] consumers," Mr. Rizzo says. "We need to add people to our team that have skills that we don't have. Why do we need someone who knows everything we know?"

Whether Momenta and Riney's initial print strategy, which includes ads in *The Wall Street Journal*, brings in eager buyers is yet to be determined. But mainstream agencies view this media decision as one that will be copied by more and more high-tech companies. For example, Novell Inc., the leader in PC networking, has placed spreads for its NetWare networking software



Lintas' J Kosanke believes mainstream agencies "are in a better position to understand what to do with" computer information.

HOW TO GET THIS PERSONAL WITH 4 MILLION PEOPLE.

IMPROVE YOUR IMAGE. INKJET IT.

KODAK.

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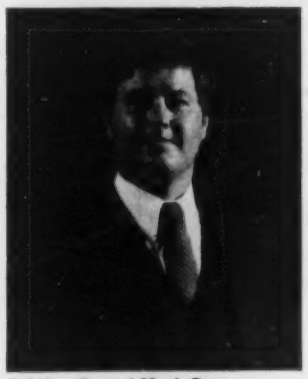
not only in recent issues of business books, but also in *Time*.

"As computers become more common, you run the risk of talking to yourself if you rely exclusively on people who specialize in the tech computer industry. You need breakthrough thinking," says J Kosanke, senior VP-group media director, Lintas:New York, which handles the IBM Corp. account.

The smart companies already know that, Mr. Kosanke contends, and they are interested in working with advertising agencies that are keen to pursue new media strategies.

"There certainly are more opportunities to advertise computers other than the high-tech magazines, and it does make it more difficult to isolate who your target [audience] is. But a mainstream agency would be in a better position to understand that and understand what to do with that information," he says.

Yet specialized agencies argue their mainstream counterparts truly do not understand the complexities and intricacies of computer industry print media.



Bricker Evans' Mark Evans contends big agency employees' "eyes glaze over because they don't understand the industry."

"Only an intimate knowledge of those print vehicles that are very targeted can make a small budget work," asserts Ken Norton, senior sales promotion manager of specialist shop Interface Group, Needham, Mass. "Those kinds of trade publications tend to change rapidly, and you need to have your ear to the ground to know which are losing ground and which are the hot books."

That kind of attention, Mr. Norton argues, can be found only at the specialized high-tech agencies.

Another gripe of the specialized agency heads is that mainstream agencies care only about the numbers—costs per thousand and circulation—and not the editorial direction of these magazines.

As a result, they say, smaller-book publishers looking to get some of these big-client dollars are increasing circulation—and, consequently, ad rates—beyond what's affordable for many small and midsize computer companies.

"The publications are doing this. They're pumping up their circulations and rates because they know that's what the larger, mainstream agencies are looking for," Mr. Evans says.

"Mainstream agencies have beginner media buyers who are crunching numbers, and the publishers are reacting to that," he adds.

While that may be the case at some agencies, other mainstream agencies have recognized buying computer media demands additional expertise. At Riney, having a group of people concentrate on one specific area, like computers or travel, helps overcome the knowledge gap.

"It's tough to get 120 planners up to speed on high-tech media, but it's possible to put together a team like we have, who are high-tech fluent," says David Verklin, senior VP-corporate media director at Riney.

Realizing high-tech accounts require some particular skills, Mr. Kosanke has kept people on the IBM account longer than the agency might on other accounts.

"It takes more time to understand the field and its publications, but this is not an insurmountable problem," he says.

And for some agencies, it's simply a case of finding the right people to handle high-tech accounts.

"To me, it depends more upon the expertise of the planner on the account rather than the agency itself," says Connie White, media director at Evans/Salt Lake City, which handles WordPerfect Corp., a software company.

"Mainstream shops generally have one or two people who specialize in a particular industry, doing research and keeping on top of developments in the field," she says.

"And that's what you need to be successful." □

Laurie Freeman is a freelance writer based in Ann Arbor, Mich. Bradley Johnson contributed to this story.

Ink makes it personal. There was a time when the most sincere notes and the most important documents were written and individually signed by hand using quill and ink. Since then, ink has been the long standing and classic means of expressing personal involvement in a message. Time has also proven ink to be a most powerful means of eliciting a personal response.

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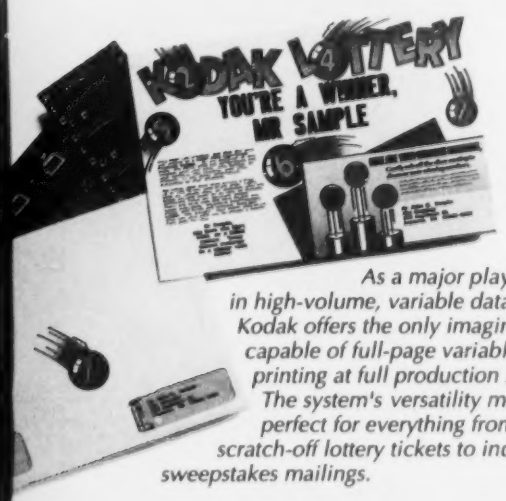

As a major player in high-volume, variable data imaging, Kodak offers the only imaging system capable of full-page variable-data printing at full production speeds. The system's versatility makes it perfect for everything from instant scratch-off lottery tickets to individualized sweepstakes mailings.

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Pared budgets by McDonald's, other pacesetters, thwart ad growth of Top 200.

THE TOP 200 BRANDS

Belt-tightening takes toll on leading brands

By R. Craig Endicott

Like a McLean Deluxe at McDonald's restaurants, ad spending by the nation's Top 200 Brands is slimming down.

The elite group, ranging from largest advertiser McDonald's $195.2 million in first-half national media spending to Winn-Dixie Stores' $14.6 million, boosted its ad outlays to $7.4 billion, up 3.6% compared with the prior-year period but down from a 6.2% increase first quarter.

Second-quarter returns—5.8% below same-period 1990 levels that were particularly strong—put the Top 200 Brands in the same downward spiral other advertisers felt in the first half.

Yet, the group is still the fulcrum on which the nation's media hang in the balance. Its first-half growth far outdistanced the decline of 7.8% to $18.4 billion in media for all advertisers, according to *Advertising Age's* Top 200 Brands listing based on 10 measured media supplied by LNA/Arbitron *(see full chart on Page 42)*.

The sudden erosion in Top 200 spending stems largely from the top five brands. Collectively, the brands, representing 11% of Top 200 spending, cut $178.5 million from media compared with the first half of 1990. Remove the top five in both years and the rest of the Top 200 boosted spending 7.1%.

Ad volume for each of the top five brands declined. As if dining on its new menu, McDonald's first-half totals fell 10.9%; No. 2 Kellogg breakfast foods dropped 13.2%; No. 3 Ford cars slipped 2.8%; No. 4 AT&T telephone services slumped 27.4%; and No. 5 Sears, Roebuck & Co. stores plunged 28.1%.

Of these media cuts, $165 million alone came out of network TV, which traditionally claims about half of the media budgets behind these five brands. As a result, network TV dropped 2.4% to $3.03 billion for the Top 200.

Among the Top 200, Kellogg, the network TV leader, sliced its network total 28.7% to $113.7 million in the first half. The 200's three biggest ad volume categories—food, restaurants and automotive—were down 15%, 14% and 9%, respectively, in network TV.

By contrast, the Top 200 carried spot TV, contributing $1.4 billion in first-half spending, up 2.9% compared with a 6.2% decline to $4.1 billion for all advertisers. Conversely, spot TV showed growth in food, restaurants and automotive categories among the Top 200.

The Top 200 similarly did well by magazines, boosting their spending in that depressed medium by 5.7% to $941 million, compared with a 5.6% decline to $3.1 billion by all advertisers. For newspapers, the Top 200 may have kept the dike from bursting. They supported the medium with $845.7 million, down 2.7% but still far better than the 21.7% shortfall to $3.3 billion recorded for all national newspaper spenders.

Syndicated TV continued its impressive expansion, attracting $498 million from the Top 200 in the first half, up 33.6%. All ad spending in the medium grew 23.8% to $899.8 million. All major ad categories showed gains in syndicated TV, a medium that includes Fox Broadcasting Co.

Expenditures from Detroit and Tokyo automakers reflected reduced auto showroom traffic as first-half spending for the 29-brand category rose only 2.7% to $1.69 billion. The quarterly trend line, however, went from plus 6.8% in the first quarter to minus 2.4% in the second, compared to prior-year levels.

Detroit, after revving up spending 17.9% in the first quarter, cut media outlays 1.6% in the second for an overall 7.5% gain to $901.2 million in first-half spending. With first-half spending at $630.5 million, up 0.2%, the Japanese edged into the plus column because of their 2.7% gain in second-quarter spending. They had a 2.3% first-quarter decline.

The 13 brands' retail category plunged 16.8% to $575.3 million, largely due to a 25.1% decline in newspapers, down to $238 million. The food category also grew lean as spending for 23 brands dropped 3% to $840.3 million.

Philip Morris Cos. led all advertisers during the period with $646.4 million in media spending, down 1.4% for all its brands, some $130 million more than runner-up GM. PM's nine brands among the 200 contributed 69.2% of its total, while GM's eight Top 200 brands accounted for 94.5% of its total. Procter & Gamble Co., third in total advertising, cut media outlays by 12.7% to $499.6 million.

New product activity and recession-oriented products added a new mix to the list. The drug category, with growth of 39.8% to $214.6 million, was new-product-driven, largely by two vaginal yeast creams—Johnson & Johnson's Monistat-7, ranked No. 147, and Schering-Plough's Gyne-Lotrimin cream, ranked No. 145. □

Top 10 parent companies by first-half ad spending

Rank	Company	Total measured ad spending 1991	1990	% chg	Ad spending by brands in 200 1991	1990	% chg	Number of brands
1	Philip Morris Cos.	$646.4	$655.6	(1.4)	$447.1	$439.2	(1.4)	9
2	General Motors Corp.	515.4	466.0	10.6	486.9	431.4	10.6	8
3	Procter & Gamble Co.	499.6	572.5	(12.7)	162.1	169.4	(12.7)	7
4	PepsiCo	314.8	291.3	8.1	258.5	236.4	8.1	4
5	Ford Motor Co.	244.4	237.0	3.1	218.9	200.3	3.1	2
6	Sears, Roebuck & Co.	226.8	310.1	(26.9)	203.4	279.7	(26.9)	3
7	Unilever NV	217.4	255.9	(15.0)	64.2	46.9	(15.0)	3
8	Chrysler Corp.	203.8	232.6	(12.4)	195.3	206.8	(12.4)	4
9	Toyota Motor Corp.	201.0	168.1	19.6	200.3	167.3	19.6	2
10	General Mills	201.0	194.4	3.4	97.6	107.2	3.4	4

Notes: Dollars are in millions. Source: LNA/Arbitron Multi-Media Service

Top 10 categories among top 200 brands for first-half 1991

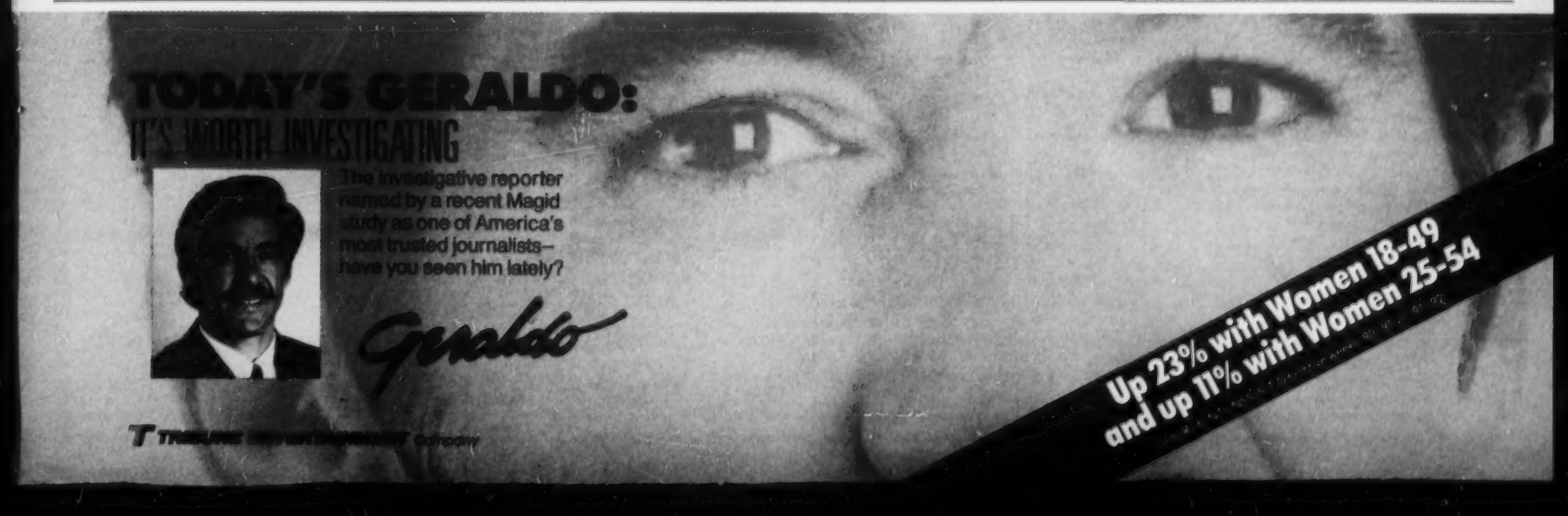
Rank	Category	Measured ad spending 1991	1990	% chg	Ad spending by media Print	Broadcast	Outdoor	Number of brands
1	Automotive	$1,689.4	$1,645.7	2.7	$495.9	$1,187.2	$6.2	32
2	Food	840.3	866.2	(3.0)	89.0	750.4	0.9	23
3	Restaurants	598.6	609.3	(1.8)	4.9	586.9	6.8	10
4	Retail (nonfood)	575.3	691.2	(16.8)	262.9	312.0	0.4	15
5	Entertainment & media	554.9	507.6	9.3	179.4	371.8	3.7	15
6	Beverages	371.2	366.6	1.3	18.4	351.1	1.8	10
7	Toiletries	342.5	299.7	14.3	100.2	242.3	0.0	15
8	Telephone	295.4	318.1	(7.1)	37.2	257.4	0.9	5
9	Beer	267.7	222.3	20.4	11.9	248.5	7.4	3
10	Airlines	263.9	265.2	(0.5)	159.4	101.9	2.6	7

Notes: Dollars are in millions. Totals include only brands from within the top 200 in 1990. Source: LNA/Arbitron Multi-Media Service

Measured media spending in first-half 1991

Rank	Media	All measured brands 1991	1990	% chg	Top 200 brands 1991	1990	% chg
1	Network TV	$4,810.4	$5,177.2	(7.1)	$3,032.5	$3,107.3	(2.4)
2	Spot TV	4,099.1	4,385.4	(6.5)	1,439.3	1,398.1	2.9
3	Newspaper*	3,718.0	4,727.6	(21.4)	845.7	868.9	(2.7)
4	Magazine	3,060.9	3,257.1	(6.0)	941.0	890.0	5.7
5	Syndicated TV	899.8	726.4	23.9	498.0	372.7	33.6
6	Cable TV networks	589.5	529.2	11.4	240.6	186.3	29.1
7	National spot radio	542.4	501.4	8.2	176.3	145.8	21.0
8	Network radio	385.6	368.1	4.8	181.0	136.5	32.6
9	Outdoor	327.3	327.1	0.1	93.7	82.1	14.2
	Subtotal print	6,778.9	7,984.7	(15.1)	1,786.7	1,758.9	1.6
	Subtotal broadcast	11,326.8	11,687.8	(3.1)	5,567.7	5,346.8	4.1
	Total	18,433.0	19,999.5	(7.8)	7,448.2	7,187.8	3.6

Notes: Dollars are in millions. * includes newspaper-distributed Sunday magazines. Source: LNA/Arbitron Multi-Media Service. AA charts: Kevin Brown


TODAY'S GERALDO:
IT'S WORTH INVESTIGATING
The investigative reporter named by a recent Magid study as one of America's most trusted journalists— have you seen him lately?
Geraldo
Up 23% with Women 18-49
and up 11% with Women 25-54

Top 200 mega-brands by first-half ad spending

Rank '91	Rank '90	Brand, product, service & parent company	Total measured ad spending 1991	1990	% chg
1	2	**McDonald's restaurants**, McDonald's Corp.	$195,174.2	$218,959.9	(10.9)
2	4	**Kellogg breakfast foods**, Kellogg Co.	177,671.1	204,620.4	(13.2)
3	5	**Ford cars**, Ford Motor Co.	171,884.2	176,904.2	(2.8)
4	1	**AT&T telephone svcs**, AT&T Co.	164,612.8	226,648.4	(27.4)
5	3	**Sears, Roebuck & Co. stores**, Sears, Roebuck & Co.	154,744.1	215,351.0	(28.1)
6	7	**Toyota cars, trucks & vans**, Toyota Motor Corp.	147,790.0	127,213.5	16.2
7	6	**Chevrolet cars & trucks**, General Motors Corp.	140,566.1	127,742.8	10.0
8	11	**Miller beer**, Philip Morris Cos.	123,615.3	88,102.2	40.3
9	8	**Kraft foods**, Philip Morris Cos.	122,937.3	124,643.3	(1.4)
10	15	**Budweiser beer**, Anheuser-Busch Cos.	97,595.7	82,084.7	18.9
11	9	**Nissan cars & trucks**, Nissan Motor Co.	87,008.2	115,523.8	(24.7)
12	18	**Coke & Diet Coke beverages**, Coca-Cola Co.	85,619.6	79,228.7	8.1
13	24	**Dodge cars, trucks & vans**, Chrysler Corp.	83,932.5	59,285.2	41.6
14	12	**Pepsi & Diet Pepsi beverages**, PepsiCo	82,898.2	87,743.7	(5.5)
15	19	**Honda cars, motorcycles, equip**, Honda Motor Co.	77,814.1	74,535.3	4.4
16	31	**Disney cable TV, resorts, shows**, Walt Disney Co.	76,778.8	56,276.9	36.4
17	21	**American Airlines**, AMR Corp.	72,734.5	65,778.5	10.6
18	20	**General Motors cars**, General Motors Corp.	69,187.0	70,414.2	(1.7)
19	13	**Burger King restaurants**, Grand Metropolitan	68,247.6	83,187.5	(18.0)
20	23	**Oldsmobile cars & vans**, General Motors Corp.	68,091.8	60,051.5	13.4
21	14	**American Express financial svcs**, American Express Co.	67,008.5	82,464.6	(18.7)
22	30	**Tylenol remedies**, Johnson & Johnson	66,627.1	56,294.2	18.4
23	35	**Pizza Hut restaurants**, PepsiCo	66,478.8	52,568.9	26.5
24	34	**Delta Air Lines**, Delta Air Lines	66,192.7	52,727.3	25.5
25	22	**Macy's department stores**, R.H. Macy & Co.	65,176.0	64,580.4	0.9
26	10	**Chrysler cars**, Chrysler Corp.	61,802.9	91,313.0	(32.3)
27	17	**Kmart stores**, Kmart Corp.	60,924.6	79,847.0	(23.7)
28	48	**Columbia movies, records, video**, Sony Corp.	59,734.2	41,787.4	42.9
29	28	**Kentucky Fried Chicken restaurants**, PepsiCo	59,638.9	57,232.6	4.2
30	26	**Buick cars**, General Motors Corp.	59,207.2	58,434.4	1.3
31	58	**Acura cars**, Honda Motor Co.	58,430.3	39,151.7	49.2
32	39	**Warner pictures, video, records**, Time Warner	57,475.8	49,758.5	15.5
33	36	**Post cereals**, Philip Morris Cos.	55,520.4	52,478.4	5.8
34	96	**MCI telephone svcs**, MCI Communications Co.	54,912.7	25,751.5	113.2
35	16	**Mazda cars & trucks**, Mazda Motor Corp.	54,840.7	80,706.5	(32.0)
36	52	**Lexus cars**, Toyota Motor Corp.	52,514.7	40,057.6	31.1
37	67	**Nike footwear & apparel**, Nike Inc.	51,659.4	36,215.1	42.6
38	33	**Nabisco foods**, RJR Nabisco	50,756.9	53,849.7	(5.7)
39	60	**Taco Bell restaurants**, PepsiCo	49,490.3	38,852.1	27.4
40	119	**20th Century fox videos, movies**, News Corp.	48,664.3	21,251.1	129.0
41	25	**Universal City Studios**, Matsushita Electric Industrial Co.	48,358.7	58,599.7	(17.5)
42	41	**Wrigley's gums**, Wm. Wrigley Jr. Co.	47,069.7	49,086.0	(4.1)
43	111	**Mercury cars**, Ford Motor Co.	47,045.0	23,366.2	101.3
44	37	**Coors beer**, Adolph Coors Co.	46,531.8	52,143.1	(10.8)
45	45	**Mercedes-Benz cars**, Daimler Benz AG	46,305.7	44,912.1	3.1
46	63	**Circuit City Stores**, Circuit City Stores	45,917.4	37,231.1	23.3
47	42	**Ultra Slim-Fast**, Slim-Fast Food Co.	45,579.9	46,915.7	(2.8)
48	44	**Marlboro cigarettes**, Philip Morris Cos.	45,506.0	45,057.3	1.0
49	66	**L'Oreal cosmetics**, Nestle SA	44,394.1	36,320.6	22.2
50	27	**J.C. Penney stores**, J.C. Penney Co.	44,250.5	58,149.3	(23.9)
51	NA	**Saturn cars**, General Motors Corp.	44,076.2	0.0	NA
52	49	**Wendy's restaurants**, Wendy's International	44,047.4	41,719.7	5.6
53	70	**Prudential ins. & financ'l svcs**, Prudential Insurance Co.	42,799.7	33,611.9	27.3
54	62	**U.S. dairy farmers**, U.S. dairy farmers	41,182.7	37,378.4	10.2
55	79	**Cadillac cars & leasing**, General Motors Corp.	38,799.8	30,284.7	28.1
56	29	**Pontiac cars, trucks & vans**, General Motors Corp.	38,202.9	56,372.0	(32.2)
57	64	**Hallmark stationary**, Hallmark Cards	38,084.0	36,839.0	3.4
58	32	**Touchstone films**, Walt Disney Co.	37,686.4	55,366.8	(31.9)
59	51	**Folgers coffees**, Procter & Gamble Co.	37,158.9	40,790.1	(8.9)
60	65	**Time-Life books, records, video**, Time Warner	36,721.8	36,402.2	0.9
61	57	**Domino's Pizza**, Domino's Pizza	36,608.3	39,159.6	(6.5)
62	50	**Hyundai cars**, Hyundai Group	36,189.4	41,224.9	(12.2)
63	38	**United Airlines**, UAL Corp.	35,860.5	50,136.2	(28.5)
64	104	**Isuzu cars & trucks**, Isuzu Ltd.	35,665.2	24,856.1	43.5
65	91	**Franklin Mint**, American Protection Industries	35,240.6	26,994.6	30.5
66	71	**US Sprint telephone svcs**, United Telecommunications	35,042.8	32,930.5	6.4
67	108	**HBO cable TV**, Time Warner	34,873.6	24,470.2	42.5
68	55	**Cheerios cereal**, General Mills	34,228.9	39,618.5	(13.6)
69	46	**Paramount pictures & video**, Paramount Communications	33,966.0	43,653.4	(22.2)
70	81	**Mitsubishi cars**, Mitsubishi Motors Corp.	33,475.1	30,202.9	10.8
71	72	**Gillette shaving products**, Gillette Co.	32,732.3	32,668.8	0.2
72	53	**Citibank financial svcs**, Citicorp	32,467.2	39,854.5	(18.5)
73	73	**Advil & Coadvil remedies**, American Home Products Corp.	32,319.7	32,056.6	0.8
74	101	**Lucky Food stores**, American Stores Co.	32,228.1	25,474.6	26.5
75	243	**Hooked on Phonics study**, Gateway Educational Products	32,093.5	2,914.9	NA
76	94	**Kodak cameras & duplications equip**, Eastman Kodak Co.	31,969.8	25,918.9	23.3
77	61	**Subaru cars**, Subaru of America	31,967.0	38,130.6	(16.2)
78	164	**Purina pet foods**, Ralston Purina Co.	31,683.6	16,420.4	93.0
79	40	**Maxwell House coffees**, Philip Morris Cos.	31,433.8	49,694.7	(36.7)
80	190	**Johnson & Johnson toiletries**, Johnson & Johnson	31,136.6	14,413.4	116.0
81	92	**United Parcel Service**, United Parcel Air Freight	30,372.1	26,826.4	13.2
82	84	**Cover Girl cosmetics**, Procter & Gamble Co.	30,325.3	29,470.4	2.9
83	131	**Dr Pepper beverages**, Dr Pepper/Seven-Up Cos.	29,908.4	19,141.9	56.2
84	196	**Reebok sporting footwear**, Reebok International	29,604.4	13,921.5	112.7
85	237	**Federal Express air cargo**, Federal Express Corp.	29,111.9	7,758.1	284.0
86	87	**Geo cars & trucks**, General Motors Corp.	28,790.0	28,114.1	2.4
87	134	**Johnson polishes, waxes, cleaners**, S.C. Johnson & Son	28,580.4	18,760.6	52.3
88	93	**Little Caesar pizza**, Little Caesar Enterprises	28,170.8	26,380.7	6.8
89	43	**Montgomery Ward stores**, Montgomery Ward & Co.	28,080.2	45,127.6	(37.8)
90	83	**Orion pictures**, Orion Pictures Corp.	27,923.8	29,552.7	(5.5)
91	54	**Allstate insurance**, Sears, Roebuck & Co.	27,908.4	39,812.4	(29.9)
92	75	**Jeep trucks & vans**, Chrysler Corp.	27,904.5	31,765.3	(12.2)
93	68	**Goodyear tires & svcs**, Goodyear Tire & Rubber Co.	26,989.9	35,880.6	(24.8)
94	88	**Tri-Star pictures**, Sony Corp.	26,898.4	28,054.7	(4.1)
95	59	**Tide laundry products**, Procter & Gamble Co.	26,842.9	39,034.5	(31.2)
96	112	**Canon copiers, cameras, video, faxes**, Canon Inc.	26,725.8	23,288.2	14.8
97	78	**Red Lobster restaurants**, General Mills	26,418.2	30,427.9	(13.2)
98	137	**Kleenex tissues & paper products**, Kimberly-Clark Corp.	26,330.3	18,567.1	41.8
99	121	**Continental Airlines**, Continental Airlines Holdings	26,230.3	21,015.1	24.8
100	76	**May Co. stores**, May Department Stores Co.	26,191.2	30,980.8	(15.5)
101	144	**Vons markets**, Vons Cos.	$26,060.3	$17,887.2	45.7
102	69	**Du Pont products**, Du Pont Co.	25,989.6	34,820.4	(25.4)
103	129	**Alka-Seltzer remedies**, Bayer AG	25,849.8	19,465.9	32.8
104	114	**7UP & Diet 7UP beverages**, Dr Pepper/Seven-Up Cos.	25,692.5	22,764.7	12.9
105	85	**Midas Muffler shops**, Whitman Corp.	25,556.2	29,379.7	(13.0)
106	115	**Keebler snacks & cookies**, United Biscuits (Holdings)	25,482.9	22,727.1	12.1
107	139	**Wal-Mart stores**, Wal-Mart Stores	25,010.1	18,379.9	36.1
108	89	**Clairol haircare products**, Bristol-Myers Squibb Co.	24,676.9	27,586.3	(10.5)
109	160	**Hertz rent-a-car system**, Park Ridge Corp.	24,576.1	16,615.6	47.9
110	98	**True Value stores**, Cotter & Co.	24,514.9	25,629.0	(4.3)
111	166	**USAir**, USAir Group	24,420.7	16,324.2	49.6
112	124	**Hardee's restaurants**, Imasco Ltd.	24,287.2	20,824.8	16.6
113	NA	**Dynatrim diet drink mix**, Thompson Medical Co.	24,203.8	0.0	NA
114	126	**Vaseline toiletries**, Unilever NV	24,047.5	20,131.6	19.5
115	205	**Lipton foods**, Unilever NV	23,824.3	13,177.0	80.8
116	90	**Campbell's soups**, Campbell Soup Co.	23,246.7	27,137.9	(14.3)
117	161	**Texaco gasoline & oil**, Texaco Inc.	23,152.2	16,594.4	39.5
118	122	**Visa credit card services**, Visa International	22,998.8	20,973.3	9.7
119	125	**Tropicana juices**, Seagram Co.	22,808.7	20,381.2	12.0
120	195	**State Farm insurance**, State Farm Auto. Ins.	22,772.9	13,928.5	63.5
121	100	**Newport cigarettes**, Loews Corp.	22,255.5	25,544.1	(12.9)
122	221	**Del Monte foods**, Del Monte Corp.	21,954.8	10,895.8	101.5
123	113	**Lysol cleaners**, Eastman Kodak Co.	21,801.2	22,926.6	(4.9)
124	99	**Broadway department stores**, Carter Hawley Hale Stores	21,795.3	25,616.8	(14.9)
125	152	**Neutrogena toiletries**, Neutrogena Corp.	21,716.5	16,962.8	28.0
126	109	**Plymouth cars & trucks**, Chrysler Corp.	21,671.8	24,417.6	(11.2)
127	86	**Pan Am Airlines**, Pan American World Airways	21,599.1	28,640.6	(24.6)
128	189	**IBM computers & IBM Lexmark**, IBM Corp./Lexmark	21,191.3	14,496.9	46.2
129	163	**GTE telephone svcs**, GTE Corp.	21,154.5	16,433.1	28.7
130	105	**Jell-O food products**, Philip Morris Cos.	21,023.9	24,854.7	(15.4)
131	178	**Mattel toys**, Mattel Inc.	21,018.1	15,466.1	35.9
132	197	**Sprite & Diet Sprite beverages**, Coca-Cola Co.	20,886.2	13,797.6	51.4
133	106	**Discover credit card service**, Sears, Roebuck & Co.	20,792.2	24,532.5	(15.2)
134	202	**Florida citrus products**, State of Florida	20,689.6	13,470.9	53.6
135	218	**Pillsbury foods**, Grand Metropolitan	20,636.3	11,777.7	75.2
136	116	**Royal Caribbean cruise line**, Royal Caribbean Cruise Line	20,488.1	22,256.3	(7.9)
137	182	**7-Eleven food stores**, Southland Corp.	20,389.6	14,885.9	37.0
138	82	**BMW cars**, BMW AG	20,053.7	29,956.1	(33.1)
139	132	**Total cereal**, General Mills	19,765.4	19,069.0	3.7
140	167	**Pacific Bell telephone svcs**, Pacific Telesis Group	19,717.5	16,299.5	21.0
141	171	**Blue Cross/Blue Shield insurance**, Blue Cross/Blue Shield	19,656.6	15,990.9	22.9
142	147	**Mennen toiletries**, Mennen Co.	19,125.4	17,856.9	7.1
143	215	**Andersen doors & windows**, Andersen Corp.	19,060.6	12,145.2	56.9
144	180	**Minute Maid juices & drinks**, Coca-Cola Co.	18,950.6	15,178.8	24.8
145	NA	**Dyne-Lotrimin cream**, Schering-Plough Corp.	18,939.1	0.0	NA
146	156	**Holiday Inn hotels**, Bass PLC	18,872.4	16,823.8	12.2
147	NA	**Monistat 7 vaginal yeast cream**, Johnson & Johnson	18,817.8	0.0	NA
148	135	**Crest toothpaste**, Procter & Gamble Co.	18,762.3	18,739.7	0.1
149	56	**Stouffer foods & hotels**, Nestle SA	18,697.2	39,395.3	(52.5)
150	150	**Excedrin pain relievers**, Bristol-Myers Squibb Co.	18,686.3	17,082.2	9.4
151	102	**Nutri/System weight loss centers**, Nutri/System Inc.	18,684.8	25,378.4	(26.4)
152	185	**Blockbuster videos**, Blockbuster Entertainment Corp.	18,554.8	14,685.5	26.3
153	103	**Hershey foods**, Hershey Foods Corp.	18,473.1	24,970.0	(26.0)
154	198	**Camel cigarettes**, RJR Nabisco	18,425.3	13,690.3	34.6
155	107	**Weight Watchers International**, H.J. Heinz Co.	18,338.8	24,514.8	(25.2)
156	95	**GE appliances & products**, General Electric Co.	18,013.5	25,867.3	(30.4)
157	220	**Bradford Exchange collectibles**, Bradford Exchange	17,980.5	9,205.9	95.3
158	242	**Xerox electronics**, Xerox Corp.	17,916.1	3,086.1	480.5
159	240	**Sony electronics**, Sony Corp.	17,689.3	4,132.5	328.1
160	133	**NBC-TV network**, General Electric Co.	17,598.7	18,920.9	(7.0)
161	151	**Oil of Olay creams & lotions**, Procter & Gamble Co.	17,477.8	16,963.6	3.0
162	141	**Betty Crocker foods**, General Mills	17,217.0	18,069.9	(4.7)
163	177	**Volvo cars**, Volvo AB	17,134.0	15,594.4	9.9
164	194	**Home Depot do-it yourself store**, Home Depot	17,133.3	14,096.0	21.5
165	186	**Polaroid cameras & accessories**, Polaroid Corp.	17,030.2	14,553.7	17.0
166	199	**Anacin pain reliever**, American Home Products Corp.	17,027.6	13,679.1	24.5
167	77	**Northwest Airlines**, NWA Inc.	16,881.6	30,598.9	(44.8)
168	217	**Ralph's food stores**, Ralph's Grocery Co.	16,847.1	11,787.1	42.9
169	201	**Jenny Craig weight loss centers**, Jenny Craig	16,825.1	13,477.4	24.8
170	47	**Volkswagen cars**, Volkswagen AG	16,774.6	43,476.2	(61.4)
171	110	**Pearle visions centers**, Grand Metropolitan	16,712.0	23,783.8	(29.7)
172	191	**Avis rent-a-car system**, Avis Inc.	16,636.8	14,333.3	16.1
173	136	**Beef Industry Council**, Beef Industry Council	16,608.3	18,685.0	(11.1)
174	192	**Amtrak rail system**, U.S. Government	16,549.9	14,250.1	16.1
175	176	**Oscar Mayer meats**, Philip Morris Cos.	16,409.7	15,644.5	4.9
176	173	**Clorox cleaners**, Clorox Co.	16,403.6	15,808.7	3.8
177	200	**Ragu sauces**, Unilever NV	16,375.6	13,626.0	20.2
178	181	**Upjohn Co. general promotion**, Upjohn Co.	16,313.6	14,948.0	9.1
179	179	**Mobil gasoline & oil**, Mobil Corp.	16,290.6	15,281.1	6.6
180	239	**Old Spice men's toiletries**, Procter & Gamble Co.	16,283.0	6,177.4	163.6
181	207	**Alamo rent-a-car system**, Alamo Rent-A-Car Inc.	16,208.0	12,833.3	26.3
182	183	**Estee Lauder cosmetics**, Estee Lauder Inc.	16,190.8	14,879.0	8.8
183	118	**Kroger Co. food stores**, Kroger Co.	16,097.2	21,323.9	(24.5)
184	235	**Winston cigarettes**, RJR Nabisco	16,039.0	8,022.1	99.9
185	146	**General Foods coffees & foods**, Philip Morris Cos.	15,880.7	17,858.9	(11.1)
186	222	**Ziploc food storage bags**, Dow Chemical Co.	15,648.6	10,811.4	44.7
187	188	**NutraSweet sweetener**, Monsanto Co.	15,444.6	14,503.1	6.5
188	157	**Colgate toothpaste & toothbrushes**, Colgate-Palmolive Co.	15,439.7	16,809.7	(8.2)
189	140	**Head & Shoulders haircare**, Procter & Gamble Co.	15,250.0	18,249.0	(16.4)
190	172	**Mervyn's department stores**, Dayton Hudson Corp.	15,246.2	15,950.3	(4.4)
191	187	**Carnival Cruise Lines**, Carnival Cruise Lines	15,194.4	14,515.4	4.7
192	162	**Nestle foods**, Nestle SA	15,130.9	16,558.9	(8.6)
193	153	**New Line Cinema movies**, New Line Cinema Corp.	14,914.4	16,919.2	(11.8)
194	209	**Helene Curtis toiletries**, Helene Curtis Industries	14,904.7	12,486.9	19.4
195	142	**Lens Crafters opticians stores**, U.S. Shoe Corp.	14,852.3	18,022.2	(17.6)
196	145	**Infiniti cars**, Nissan Motor Co.	14,805.6	17,864.1	(17.1)
197	123	**Virginia Slims cigarettes**, Philip Morris Cos.	14,770.5	20,875.4	(29.2)
198	138	**Walgreen drugs**, Walgreen Co.	14,738.7	18,481.2	(20.3)
199	216	**Publisher's Choice products**, National Syndications	14,711.2	11,885.9	23.8
200	184	**Winn-Dixie food stores**, Winn Dixie Stores	14,589.1	14,779.9	(1.3)

Notes: Dollars are in thousands. Measured media spending includes magazine; Sunday magazine; newspaper; outdoor; network, spot and syndicated TV; cable TV networks; national spot radio and network radio. **Source:** LNA/Arbitron Multi-Media Service. See story on Page 41. **AA chart:** Kevin Brown

Radio fights recession

KYW-AM seeks ads from other local stations

PHILADELPHIA—Group W Radio's top-rated KYW-AM, an all-news station, is soliciting advertising from an unexpected source: other stations.

VP-General Manager Roy Shapiro contacted local AM and FM stations of all formats, offering exclusivity to a single station advertising on KYW.

He said a non-exclusive arrangement might be offered if advertising stations didn't object.

"It's an opportunity for our station to realize additional revenues," Mr. Shapiro said. "This was a source of revenue we never sought. . . . We think there is risk involved. But we looked at all the variables and thought the positives more than outweigh the negatives."

KYW is the only all-news station in the market.

Five stations have inquired, but no deal has been signed yet, he said.

Ad rates would be higher for other stations, and "we reserve the right to make a judgment on [the content] of their commercials," Mr. Shapiro said.

"It would be perfect for our radio station because we share a lot of listeners with KYW," said Meg DeLone, general manager of WEAZ-AM/FM, which has beautiful music and adult contemporary formats, respectively. "But I wouldn't pay that kind of money."

KYW is asking "probably double" what it charges other advertisers, Ms. DeLone said.

"What they are asking in terms of price, I don't see how we could justify it," she said.

KYW ranked No. 1 in the market with a 7.5 quarter-hour share among listeners 12 and older, according to Arbitron Co.'s summer 1991 ratings book. □

Regional radio revenues

Radio ad revenues declined the most in the economically strapped East. The Midwest and Southwest are recovering more quickly. The index is based on revenues for stations in 115 markets.

Region	National revenue % chg from 1990	Local revenue % chg from 1990
East	−4.9%	−4.4%
Southeast	−2.0%	−4.0%
Midwest	−1.2%	−1.8%
Southwest	−2.3%	−0.6%
West	−0.2%	−3.5%

Source: Radio Advertising Bureau

Radio's ad revenue slide slows down

NEW YORK—The radio industry may be pulling out of the recession. National and local ad revenues through third quarter were down only 3% from the same period for the year before, an improvement over the 5.2% decline for the first quarter and 3.9% decline for the first half.

Local radio ad revenues for January to September were down 3.2% from the year before; national revenues were down 2.1%.

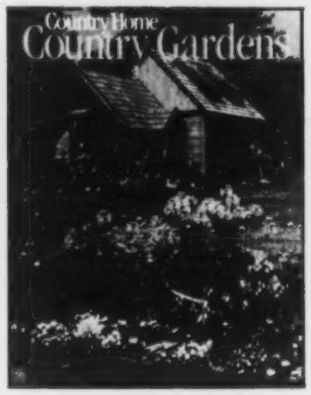
While radio ad revenue is still down, the medium is improving at a faster rate than most other major media, with the exception of cable TV. □

LAUNCHING PAD

New publication launches.

'Country Gardens'

Meredith Corp., publisher of *Country Home*, introduces with a March issue *Country Gardens*, an annual on styles of gardening. The title will be sold on newsstands; rate base is 300,000. A b&w page is $8,000; a color page is $10,000. Terry McIntyre is publisher, Jean LemMon is editor and Daniel Lagani and Peter Payerli are ad directors. Offices are at 1716 Locust St., Des Moines, Iowa 50336. Phone: (515) 284-3000.



'MPC Magazine'

IDG Communications, publisher of *PC World* and *MacWorld*, introduces with a February issue *MPC Magazine*, an every-other-monthly for users of IBM or compatible personal computers. Rate base is 100,000. A b&w page is $9,000; a color page is $11,250. Jonathon Epstein is publisher, Richard Landry is editor and David Fales is ad director. Offices are at 501 Second St., San Francisco 94107. Phone: (415) 243-0500.

'NFL Exclusive'

NFL Properties and Costacos Publishing will launch with a March issue *NFL Exclusive*, an every-other-yearly for season ticket holders. Covering two seasons per issue, the magazine gives a season review/draft preview and a season preview; it will be mailed directly to season ticket holders for all 28 National Football League teams. Controlled circulation is 420,000. A color page is $31,500. Jim Heckman is publisher; Craig Olson is ad director. Offices are at 1001 Klickitat Way S.E., Suite 201, Seattle 98134. Phone: (206) 464-1500.

'Treasury'

The Economist Group introduced with a fall issue *Treasury*, a quarterly spinoff of *CFO*, targeting corporate treasury officers. Controlled circulation is 45,000. A b&w page is $7,000; a color page is $8,900. *CFO* Publisher David J. Laird is publisher, Maile Hulihan is editor and David S. Greenough is marketing director. Offices are at 253 Summer St., Boston 02210. Phone: (617) 345-9700.

'Japanese Lifestyle/USA'

Meadow Publications, publisher of *Spotlight*, introduced with an October issue *Japanese Lifestyle/USA*, a Japanese-language quarterly targeting Japanese nationals living in the U.S. Initial circulation is 50,000. A b&w page is $10,000; a color page is $15,000. Susan Meadow is publisher and editor; Eric Meadow is ad director. Offices are at 126 Library Lane, Mamaroneck, N.Y. 10543-9973. Phone: (914) 381-4740. □

Anti-AIDS ads draw top efforts

By Jon Lafayette

NEW YORK—Just nine months after its start-up by a committee of top ad executives, Ads Against AIDS last week unveiled the winners of its competition.

The challenge, to create ads that will build concern about the AIDS epidemic, was met because the industry "decided to go out and do something," said Jack Mariucci, exec VP-executive creative director at DDB Needham Worldwide and co-chairman of the group.

The winners, chosen from more than 1,000 entries, represent top-notch talent who donated millions of dollars in time, Mr. Mariucci said.

Voice-overs were done by actors James Earl Jones, Brian Dennehy and John Turturro and singer Tom Waits. Production companies included Giraldi/Suarez, RSA/-USA and Kira/H Films, all New York, and Tim Bieber Productions, Chicago.

Mr. Mariucci said he was surprised by the willingness of production companies to shuffle paying jobs and reach into their own pockets to finish the AIDS spots.

"Next year, maybe we can produce more," he said.

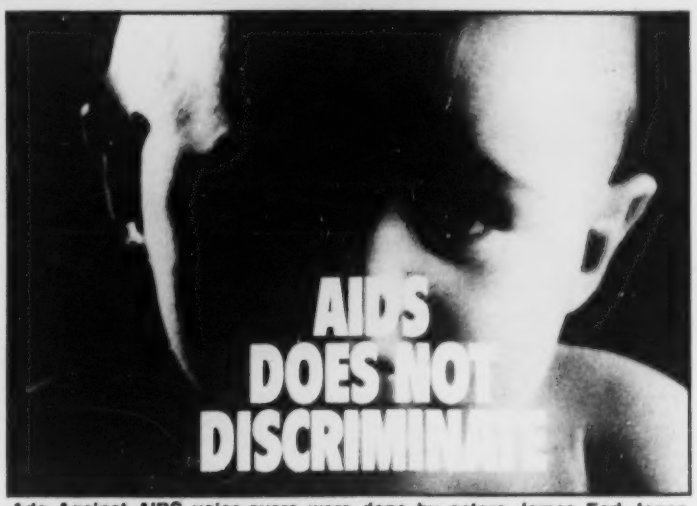
A media committee is now working to secure what organizers estimate as $30 million in TV, radio and print time and space.

The campaign strategy is to convince the adult target audience that the AIDS epidemic is of great concern to all and that everyone should donate time and money.

A TV spot created by Bill Yamada and Peter Bregman of Wells Rich Greene BDDP shows the small communities of Calhoun County, W. Va., and Lake County, Mich., where AIDS cases have been reported, to make the point that "No place is immune."

Demaine, Vickers & Associates, a small shop in Alexandria, Va., contributed a spot showing names disappearing from a phone book. "To AIDS, you're just another number," the spot says.

"Babies," a spot from Mark Fredericks and Steve Luzzatto of Warwick Baker & Fiore, superimposes words people associate with most victims of AIDS, such as "Junkie," "Queer" and "Slut" over the faces of newborns. "AIDS does not discriminate," the ad says.



Ads Against AIDS voice-overs were done by actors James Earl Jones, Brian Dennehy and John Turturro, and singer Tom Waits.

A spot by Eric David and Morleen Novitt of N W Ayer depicts a small town beset by a killer that no one is doing anything to stop.

"It's closer to home than you think" is the tagline.

A spot created by DDB Needham's Bob Adsit and Tom Baginski juxtaposes scenes of the homeless and junkies with "normal" people caring for relatives and worrying about their children.

Winning print ads were created by Gordon Bennett and Steve Landsberg of Calet, Hirsch & Spector, and freelancers David Thall and Robert Shulman.

"Baseball, hot dogs, apple pie and AIDS" was the headline for the Calet ad, while one of Messrs. Thall and Shulman's winning efforts was themed "Ten dangerous lies people tell themselves about AIDS."

Winning radio campaigns came from Leo Burnett USA, Chicago, and Stupid Radio, Studio City, Calif.

The entries were judged by a committee composed of Mr. Mariucci; Helayne Spivak, Young & Rubicam exec VP-executive creative director; Neil Calet, Calet co-chairman; Jerry Della Femina, Della Femina, McNamee chairman; Phil Dusenberry, BBDO Worldwide vice chairman; Phyllis Robinson, president, Phyllis K. Robinson Inc.; and Robert Star, DDB Needham VP-associate creative director. □

What young adults buy

Participants were asked: "Which of the following have you purchased in the past three months?"

Product	% in U.S.	% in Australia	% in Brazil	% in Germany	% in Japan	% in U.K.
Soft drinks	96	90	93	83	91	94
Fast-food	94	94	91	70	86	85
Athletic footwear	59	40	54	33	30	49
Blue jeans	56	39	62	45	42	44
Beer*	46	50	60	46	57	57
Cigarettes*	24	33	30	38	39	40

*Among adults 18+. Source: Yankelovich Clancy Shulman

Global spending patterns emerge

By Nancy Giges

NEW YORK—The lifestyles and spending habits of people ages 14 to 34 are similar around the globe, a new study found.

The study, commissioned by MTV: Music Television, was conducted by Yankelovich Clancy Shulman in Australia, Brazil, Germany, Japan, the U.K. and the U.S.

"While these are exciting times, they are also confusing and frightening, especially for young adults," said Marshall Cohen, MTV exec VP-research and strategic planning. The study "was conducted to gauge how this age group is responding to dramatic events occurring worldwide and to better understand how this age group conducts its everyday life."

The average person surveyed spent about $60 a week on discretionary items, ranging from $56 in the U.K. to $89 in Brazil. Total discretionary spending power of the age group in those countries was more than $14 billion annually.

A majority of those questioned in every country but Brazil had a savings or checking account or both, and almost two out of three U.S. and Japanese young adults had a credit card.

The percentage of those who had bought soft drinks in the past three months ranged from 83% in Germany to 96% in the U.S.; the U.S. and Australia led in fast-food consumption, 94%, with Germany the lowest, 70%. As for cigarette consumption, the U.K. led with 40% while the U.S. was the lowest with 24%. Beer consumption ranged from 60% in Brazil to 46% in the U.S. and Germany. Only those 18 and older were asked about beer and cigarette consumption.

Among other findings: TV ownership is virtually universal in all countries; stereo equipment and portable stereo ownership is close behind; and ownership of VCRs and compact disc players is relatively common.

Yankelovich surveyed 750 young people in the U.S. and 250 in each of the other countries last May and June via random telephone and personal interviews. The margin of error for the U.S. was plus or minus 4%; elsewhere it was plus or minus 6%. □

Clorox recycles bottles

By Bradley Johnson

Clorox Co., betting consumers will like mixing clean and green, is introducing recycled plastic packaging for four of its top brands.

The household goods marketer this month starts selling its signature chlorine bleach in bottles made of 20% recycled plastic. Clorox is also readying recycled packaging for Pine-Sol, Soft Scrub and Formula 409.

The new bleach bottle looks like the old one but contains a center layer of plastic reclaimed from milk and water jugs, said Sandy Sullivan, manager of marketing communications.

The launch will be supported by a free standing insert and limited print advertising in seven cities—Buffalo, N.Y.; Cincinnati, Cleveland, Columbus and Toledo, Ohio; Detroit; and Pittsburgh. Other regions will be phased in.

Foote, Cone & Belding, San Francisco, handles Clorox bleach advertising. Creative Source, Boise, Idaho, created the FSI.

Clorox in February will begin marketing Pine-Sol cleaner in clear bottles made of 100% recycled plastic recovered from soda bottles. Ad plans aren't set; Young & Rubicam handles.

In the next year, the company will start marketing Soft Scrub cleanser and Formula 409 spray cleaner in bottles made of partially recycled plastic, said Michael Riley, Clorox director of environment marketing.

DDB Needham Worldwide, Chicago, handles Soft Scrub; FCB is 409's agency.

Clorox is following the lead of Procter & Gamble Co., which began marketing Spic & Span Pine in 100% recycled plastic in November 1988. P&G introduced 25% recycled detergent bottles in mid-1989.

This isn't Clorox's first move into environmental packaging. Recycled materials already account for about 17% of the company's packaging, Mr. Riley said. Recycled materials are used in shipping cartons as well as Hidden Valley Ranch salad dressing glass bottles and Clorox 2 dry bleach boxes. Mr. Riley said Clorox will continue to make only limited on-package claims about recycled content so as not to run afoul of regulators. □

Alice Z. Cuneo and Jennifer Lawrence contributed to this story.

Yellow Page ratings closer

By John P. Cortez

The Yellow Pages industry is taking steps to address national advertiser demands for Nielsen-like ratings research.

Two leading Yellow Pages marketing research companies have reached agreement to combine their syndicated audience measurement services, extending the larger company, the National Yellow Pages Monitor, into 56 major markets nationwide.

In the deal, National Yellow Pages Monitor bought the syndicated research arm of Advertising Research Corp.

Many industry insiders feel the emergence of National Yellow Pages Monitor as the apparent vendor of choice will cause previously undecided publishers to contract for syndicated research. That could ultimately lead to an increase in national advertiser business for Yellow Pages.

"Having one leader will be beneficial to the industry," said Larry Small, VP-marketing for the Yellow Pages Publishers Association.

The National Yellow Pages Monitor's growth and flexibility in methodology make it attractive to publishers, Mr. Small said.

The addition of Advertising Research Corp.'s 13 markets for 1991 measurement brings the Monitor's total to 56, covering eight publishers collectively representing more than 700 directories.

The merger "makes the research industry less fragmented, bringing us one step closer to a national ratings system," said Mary Ann Packo, Monitor president.

The next step, she said, is to reach more markets and add more publishers. Markets where research is particularly sparse include Chicago, New York and New England, she said.

National advertisers represent a large source of potential revenue for Yellow Pages publishers, and they want proof of usage before committing ad dollars, said Mary Kay Schuck, manager for market research at Southwestern Bell.

Like Nielsen ratings, National Yellow Pages Monitor uses a diary format in which a Yellow Pages user records all use for seven days. Different sample groups are used continuously throughout the year, and results are reported every six months.

The YPPA has changed its stance on the research, Mr. Small said. The association had thought research was an unnecessary expense that would merely cause a reallocation of existing revenue.

But today, Mr. Small said, syndicated research is "a cost of doing business. Our position changed because the advertising and media environment has changed." □